

From:

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To:

Scott Foster, Director

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Comments on Draft UNFC Supplemental Specifications for Minerals Projects

PERC, The Pan-European Reserves and Resources Reporting Committee, is a not for profit association of six Europe-based professional organisations, many of whose members are involved in mineral exploration and mining. PERC is a member of CRIRSCO (Committee for Mineral Reserves International Reporting Standards) and is recognised by CRIRSCO as the European National Reporting Organisation (NRO) with respect to the Public Reporting of Exploration Targets, Exploration Results, Mineral Resources and Mineral Reserves. In this context, PERC is pleased to submit the following comments on the Draft United Nations Framework Classification for Resources Supplemental Specifications for Minerals Projects.

1. Confusing document

- The document states that it is intended for a broad audience, including policy makers, and as such one would expect it to be clearly presented and easy to understand.
- However, several members of PERC, who are experienced mining professionals, have found the document very confusing and difficult to understand and think that it will reflect badly on the mining sector if it is issued in its current format. Some specific items of concern, and suggestions for improvement are provided below.

2. Duplication of other UNECE documents

- Part IV (clauses 5 and 6) lists several 'normative references' implying that these are considered to be pre-requisites for the application of the supplementary specifications.
- However, the supplementary specifications contain some unnecessary duplication of information contained in the normative references which will make it difficult to ensure that alignment is maintained between the two sets of documents.
 - In particular in Section V definitions, parts of the United Nations Framework Classification for Resources – Update 2019 (UNFC-2019) are repeated in clauses 19-26 which is considered unnecessary. If there are slight differences between the text contained in the

supplementary specifications and the UNFC-2019 which would take precedence?

- An alternative approach could be to reproduce the relevant UNFC-2019 tables with one or more additional columns to contain any relevant ‘supplementary’ comments related to Minerals Projects. It is considered inappropriate to reproduce definitions in this document rather than rely on the normative references as providing the definitive versions.
- There is also some duplication in Section VII.A, clauses 69-76, with respect to the normative reference entitled a “Guidance Note on Competent Person Requirements and Options for Resources Reporting”. Given the specific definition of a Competent Person in the CRIRSCO national codes and standards, which are legally recognised in several jurisdictions with important mining sectors (e.g. Australia, Canada and South Africa), this will likely cause confusion when talking with people familiar with current mining investment regulation.

3. Mixture of very broad generalisations with discussion of very specific matters of limited applicability

- For instance it is questionable as to whether “sea floor mining” would be considered to be a conventional mining method. If the term “marine dredging” was used this might be more reasonable as extraction of sand and gravel by dredging is fairly well established; as opposed to deep ocean mining for massive sulphides and manganese nodules which is still largely at the proof of concept stage.
- In situ recovery, in situ leaching and solution mining are commonly considered to be synonymous terms, whereas here it is suggested that they are two different mining methods.
- In situ recovery is mentioned as a method used to recover rare earth elements for which we are not aware of any examples. However, the use of in situ recovery methods for extraction of salt and potash is not mentioned.
- Including details of how to estimate resources for in-situ recovery projects is considered inappropriate in a document of this type, particularly as the suggested methodology would only be appropriate for mineralisation contained in a sub-horizontal layered type of deposit.

4. No mention of mine tailings and how they would be classified

- In discussions with one of the members of the working group, we have been informed that the classification of potential resources contained in mine tailings is covered by a separate working group. However, tailings and waste disposal are not mentioned anywhere in the document and it is unclear how a mineral project could be properly assessed with respect to the sustainable development goals (SDGs) without consideration of waste disposal. It would be useful to provide clarification on this aspect and a link to the relevant working group.

5. Insufficient discussion of uncertainty.

- As this document is intended for a general audience more explanation should be given with respect to consideration of uncertainty during project development.
- In particular, the addition of an explanation of the normal step-wise approach taken in moving from a G4 level of confidence to G1 level of confidence with increased expenditure on data gathering and improved quality of data, should be considered.

6. Lack of clarity on reporting to financial institutions

- It is considered that clauses 71-73 are potentially misleading in that no reference is made to the fact that the term “Competent Person” (or Qualified Person) has a specific legal definition with respect to disclosure of information on stock exchanges in several jurisdictions (e.g. Stock exchange regulations provide specific definitions of the term Competent Person in Australia and South Africa; and Qualified Person in Canada and the USA).

7. Insufficient explanation of the Bridging Document is provided

- The last sentence in clause 80 is considered to be incorrect. When classifying resources for the purposes of reporting in compliance with a CRIRSCO code or standard, the requirements for a Competent Person as defined in the CRIRSCO template (or the relevant national reporting code or standard) must apply. It should be made clear that when bridging is used the requirements of the destination classification system should apply.
- It would be useful to provide more discussion about why ‘Bridging’ may be necessary and when and how ‘bridging’ might be used.
- For instance, matching the UNFC and CRIRSCO classifications for the purposes of database compilation for use in governmental strategic planning would be different from preparing a classification for public reporting (i.e. stock exchange disclosure).

Yours sincerely,

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CC: PERC Trustees and committee members