

Comments of the Federation of Indian Mineral Industries (FIMI)
4 February 2009
on
**Draft United Nations Framework Classification for Fossil Energy and
Mineral Resources (UNFC-2008)**

The suggested draft modifications UNFC-2008, has undergone a marginal change in title and has been renamed as the UNFC Classification for 'Fossil Energy and Mineral Resources'. The suggested changes obviously implies broad basing the scope of classification to incorporate the liquid, gaseous fuels besides solid fuels like coal and lignite as well as uranium. India is one of the countries who have adopted UNFC since 2000, after well thought deliberations. The draft modifications aims to facilitate world-wide application of the UNFC and prima facie, the draft UNFC-2008 encompasses the following –

1. The classification as 'reserve' and 'resource' has been done away with and it will be classed as 'resources' only. The classification has given maximum importance to commercial aspects. This is the key concept in the classification and there is no explicit restriction on possible combinations of E, F and G categories.
2. Classification based on 'G axis' does not clearly define the certainty in the geological knowledge. The approach for defining commercial projects has been modified and the evaluation of recoverable quantity has got importance.
3. Geological exploration, proper studies on feasibility and economic factors and their comprehensiveness is the pre-requisite to adopt the scheme.

In view of above, the following comments may deserve consideration so far as implementation of UNFC-2008 is concerned in India –

- 1 The terms reserves, resources and their various categories have been revised by the terminologies depicting commercial aspects and this may be suitable to planners, bankers and other financial institutions, but the small mines may find difficult to adopt the system and file the data in national mineral inventory.
- 2 In the developed nations, very large mineral areas are exploited by fully mechanized method of mining, and using sophisticated computerized equipments for data acquisitions at mine site, whereas in India, a vast majority of mining areas are relatively small to very small and are exploited by manual methods. It will be highly unjustified to assume and expect from such a small entrepreneur to generate data in the format required as per UNFC-2008.

- 3 In India UNFC-1997 was adopted in 2000. Even after eight years, the reporting as per UNFC has not been fully synchronized. Effort to educate the concerned persons is still going on. It will be highly confusing to them if they are being asked to switch over to new version of UNFC-2008.
- 4 Exploration agencies without proper technical knowledge on economic investment decision may find it difficult to classify ore resources. Further, varied nature of the mineral resource data base available in countries across the world as such makes it very difficult to evaluate the global mineral resources under a uniform matrix, since not all deposits are equally well known and the degree of exploration varies to a great extent.
- 5 Any classification must meet the local needs. Frequent changes and modification may not achieve the very objective.

It may therefore be concluded that the present reporting system of resources as per UNFC-1997 for solid minerals other than solid fuel and petroleum may continue to be adopted and the revised version of UNFC-2008 be allowed to remain in the domain of fuel energy resources. As there are majority of small mines in India with manual operations, a judicious approach in adopting modified version of UNFC-2008 is called for.

