

United Nations Framework Classification

Business Process Needs

Niall Weatherstone
Chairman, CRIRSCO

Ad Hoc Group of Experts
Geneva 25 - 27 March 2009



Committee for Mineral Reserves International Reporting Standards

ICMM

International Council
on Mining and Metals

Business Process Needs

Business processes in the petroleum and minerals sectors are essentially the same.

Business Process Needs : Petroleum and Solid Minerals

- Resources and reserves are fundamental to developing a business in the extractive industries
- A business case will be developed based on commerciality
- Ability and willingness to develop is also conditioned by other risk factors:
- Good quality resource and reserve estimates are needed to underpin the business case and mitigate the risks

Private vs Public

- Private companies develop mineral deposits to make a profit and increase the wealth of their shareholders
- Public or government controlled companies may have different objectives
- Both are run as businesses and reflect similar approaches

Resources and Reserves and business process needs

- Internal planning and designs
- Production scheduling
- Accounting (eg depreciation and impairment)
- Regulatory compliance
- Investment decisions
- Rating agency information
- Analyst/shareholder information
- Lender evaluations

Business Process Needs and the UNFC

Business processes are unlikely to change because of the UNFC, so the UNFC must reflect business processes if it is to be accepted.

Revised UNFC

Total commodity initially in place	Extracted	Sales Production			Production	
		Non-sales Production				
	Class		Categories			
			E	F	G	
	Future recovery of commercial development projects or mining operations	Commercial Projects	1	1	1,2,3	Reserves
	Potential future recovery by contingent development projects or mining operations	Potentially Commercial Projects	2	2	1,2,3	Resources
		Non Commercial Projects	3	2	1,2,3	Discovered not Economic
	Additional quantities in place associated with known deposits		3	4	1,2,3	Known unrecoverable
	Potential future recovery by successful exploration activities	Exploration Projects	3	3	4	Exploration Results
	Additional quantities in place associated with potential deposits		3	4	4	Unknown unrecoverable

Business Process Needs

Extracted (Production)	Current revenues and costs, profits, reconciliation against plans, production reports to shareholders, governments, financial statements.
Commercial Projects (Reserves)	Short to medium term planning, production and revenue forecasts, mine design inputs, expansions, public disclosure of assets, development funding.
Potentially Commercial Projects (Resources)	Long term mine planning, strategic production studies, evaluation of options, public disclosure of potential future assets.
Non Commercial Projects (Discovered Uneconomic)	Mineral inventory for internal planning purposes & scenario analysis. Potential future resources if economics and/or technology change.
Known Additional Quantities (Unrecoverable)	Permanent facilities unavailable for extraction eg shaft pillars, blocks below major infrastructure.
Exploration Projects (Exploration Results)	Preliminary indications of potentially economic mineralisation, fund raising, target prioritisation, exploration planning.
Potential Additional Quantities (Unrecoverable)	Not considered

Conclusions

- Revised UNFC as proposed can serve a need to link the petroleum and solid minerals sector classification systems at a high level
- The extent to which it is used for this purpose will depend on the requirements of the user
- Business processes are unlikely to change so it is important that the UNFC reflects existing processes