

# **Draft Guidance Note on the Definition of a Project in Relation to UNFC-2009**

**Expert Group on Resource Classification  
Seventh Session  
Geneva, 27 – 29 April 2016**



**UNITED NATIONS  
ECONOMIC COMMISSION  
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# EGRC Work Plan for 2016-2017 (as agreed at Sixth Session)

- Work to be undertaken
  - The Bureau will review and prepare **a guidance note** on the definition of a project in relation to UNFC-2009.
- Deliverables
  - White papers and/or guidance related to ... the definition of project all in the context of UNFC-2009 **submitted to the Expert Group for review and publication on the ECE website.**
- Timeline
  - White papers and guidance related to ... the definition of project, all in the context of UNFC-2009; **March 2016.**

# Guidance in Relation to UNFC-2009

Definitions



Specifications



Guidelines

**Classification  
Framework**

**Application  
Rules**

**Non-  
Mandatory  
Guidance**



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# Format of Guidance Note

- I. Introduction
- II. Purpose of guidance note
- III. UNFC-2009 definition of a Project
- IV. Accounting definition
- V. Principles
- VI. Guidelines

# Purpose of Guidance Note

- Does not change the UNFC-2009 definition of Project
- Provides additional guidance ... in order to enhance the consistency of application of UNFC-2009 by its users
- Applies solely to UNFC-2009
- Applies to all applications of UNFC-2009

# Accounting definition

- Project-based classification has been around since the 1990s in the petroleum sector
- Many companies use it as an integral part of their capital value management system
- Recent decision in accounting sector to adopt “project” as a defined term, but with significantly different meaning (more like an asset)
- Warning of potential for confusion

# Principles

- A Project comprises a defined activity, or set of activities, which provides the basis for estimating both costs and potential revenues associated with its implementation.
- Costs, recoverable product quantities and revenues are inextricably linked by the nature of the defined Project.

# Guidelines

- The activity or set of activities which constitute the defined Project will *always* include some consideration of the mining operation or development scheme that could or will be implemented, without which no estimate of potentially recoverable quantities can be made.

# Guidelines

- Approvals that could prevent a Project proceeding:
  - a) Approval by one or more governmental entities to proceed with the next phase of the Project;
  - b) Approval by the operating company (and its partners) for the expenditure of significant costs; and,
  - c) Confirmation, to the extent possible, that local environmental and social concerns beyond regulatory requirements have been appropriately addressed.

# Guidelines

- Where an investment decision is made with respect to part of a deposit, then the infrastructure, costs and estimated recoverable quantities associated with that investment decision will constitute a single Project.
- **Sales quantities associated with** an individual Project will *always* be classified under a single category (or sub-category) on the E axis and a single category (or sub-category) on the F axis.

# Guidelines

- If some quantities are classified as Mineral Reserves and some as Mineral Resources (CRIRSCO) or some as Reserves and some as Contingent Resources (PRMS) for the same deposit ... these two sets of estimates will *always* constitute separate (at least two) Projects.
- If the planned activities can be separated into different Project Maturity Sub-classes with discrete decision and/or approval processes, then each of these will constitute a separate Project with a separate estimate of potentially recoverable quantities.

# EGRC Feedback

- Any comments on the content of the draft?
- Any issues that need additional clarification?
- Any issues that need to be added?