SEC Mineral Resources Reporting Standards: 
Rulemaking to Harmonize U.S. and World Disclosure Standards Long Overdue

U.S. Financial Markets Lag Rest of World

The United States Securities and Exchange Commission provides guidance for mining companies to report the value of mineral resources and reserves. The SEC’s “Industry Guide IG7” was first published in 1982 and has not been updated since.

IG7 only provides for declaration of “proven and probable reserves” of mineral resources in Form 10-K SEC filings. (10-K filings are used to provide public disclosure.) This level of disclosure excludes reporting of exploration information and measured, indicated and inferred mineral resources.

A host of international codes – such as JORC, CIM, SAMREC, PERC, Chilean and Naen – harmonize broader reporting standards under a template developed by the Committee for Mineral Reserves International Reporting Standards (CRIRSCO.) In the United States, the Society for Mining, Metallurgy, and Exploration (SME) developed a reporting guide in 1992 and has updated the guide several times since to maintain consistency with international standards.

Updated Rules Good for Investors

Under the SEC’s rules, investors in publicly traded mining companies receive an incomplete picture of those companies’ mineral reserves and resources. Over several years of meetings between the SEC and U.S. mining industry representatives, the SEC has stated that there appears to be a need to update IG7, but that the issue is not a priority for the agency as it devotes limited staff resources to complying with deadlines mandated by legislative or judicial actions.

IG7’s current prohibition on the reporting of mineral resources in SEC reports limits the completeness and relevance of SEC reports for investors. The SEC’s practice of allowing mineral resource information in press releases and on websites, with no guidance or standards as to how mineral resource information should be formally reported, creates confusion and fails to ensure the quality and reliability of the information provided.

Updated Rules Good for U.S. Economy

Mining, as an increasingly international industry, has developed comprehensive, uniformly accepted and understood standards for the reporting of exploration results, mineral resources and mineral reserves. IG7 is substantially different from these standards and hampers U.S. mining companies in communicating with their investors and in coordinating disclosures in multiple jurisdictions.

Mining companies and investors around the world consider mineral resource estimates as material and fundamental information about a company and its projects. IG7 discourages mining companies from listing in the United States, thereby harming U.S. stock exchanges, financial markets and the overall economy.

On October 1, 2012, SME filed a petition for rulemaking with the Securities and Exchange Commission to amend Industry Guide 7. Proceeding with a formal rulemaking would allow public comment and broad stakeholder engagement while updating U.S. standards to better harmonize with the rest of the world. The SEC should be encouraged to initiate the rulemaking immediately.

National Mining Association Contact: Maggie Moore, MMoore@nma.org