Corporate transparency in metal reconciliation reporting

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ABSTRACT

Metal loss linked to poor mine reconciliation remains a widespread problem across the mineral sector. Geologists, engineers and metallurgists often face contradictory data while attempting to balance metal, independently or collectively, for virtually all selected time intervals. A process which is meant to quantify and resolve differences between resource and reserve depletion, together with mill production is often opaque at the site level. Even less process awareness exists in most corporate boardrooms and practically no reconciliation information made available to the average mining investor.

Generally reliable resource, reserve and metal production data are reported annually or are available from most listed companies. However, in the absence of contemporaneous depletion data by deposit, independent verification of well-established resource estimation, reserve exploitation and metal recovery factors is hard, if not impossible to determine. Considering the widespread acceptance of prevailing unit cost and allied financial reporting standards, it's noteworthy that such conspicuous metal accounting gaps still persist across an entire industry.

Many Tier 1 operators are reporting summary depletion data in their annual reports. Why isn't every operator at every level reporting how well they reconciled their models and insisting the information be available to all investors, private or public? Is there a reason there is opacity around the numbers or are we indeed on the brink of complete transparency, with just a nudge from independent investors needed?

To examine the level of public reporting, an analysis of a series of listed companies was undertaken across commodity and market capitalisation for nominal reconciliation factors (F1, F2, F3). Individual companies were also informally surveyed to solicit this information in confidence for presentation herewith.