# JORC CODE UPDATE

Date: 28 September 2023

**Australia Corporate Alert**

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Mining companies may soon be faced with the results of the first comprehensive review of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code or the Code) in 11 years. The revised draft will be open for consultation so reporting companies should be aware of the significant changes that are proposed.

## JORC CODE

The JORC Code is a professional code of practice published by the Joint Ore Reserves Committee (JORC) that sets the standards for the public reporting of exploration results, mineral resources, and ore reserves.

The Code forms part of the Australian Securities Exchange (ASX) listing rules and must be complied with by all ASX-listed mining companies. The Code also serves to support the boards' obligations to have a reasonable basis for making any representations and statements to the market with respect to its mineral projects.

The Code's governing principles include transparency, materiality, and competence. As such, the Code seeks to:

- Instil confidence in Australia's mining sector (which is the country's largest export industry);
- Provide a consistent framework for public reports, requiring disclosure of all material information necessary for an investor or advisor to make informed decisions; and
- Support and promote the credibility of the ASX as mineral or petroleum explorers' securities trade on market perceptions of the economic potential of their mineral deposits.

This review of the JORC Code has attracted much attention due to its potential impact on Australia's mining industry and its capital markets.

## KEY FINDINGS FROM THE REVIEW

After extensive review and comment by the ASX and the Australian Securities and Investments Commission, JORC will soon release a revised draft Code for public consultation. While much of the Code focuses on geoscience and quantitative measures, the current review is focused on the Code's 'modifying factors' section that requires companies to disclose to investors those qualitative factors that may affect the company's ability to extract the minerals of its projects (i.e. those related to the mining, metallurgical, infrastructure, economic, market, legal, environmental, social and government issues affecting mineral extraction of a project). The key areas of review are:

- An increased focus on environmental, social, and corporate governance (ESG) considerations; and

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- A potential expansion of the eligibility and qualifications for competent persons.

### ESG Considerations

An increased focus on ESG considerations (including climate change, native title and social licence to operate) as modifying factors is expected to be the most notable change to the draft revised Code. This reflects the broader trend of climate risk disclosures and ESG reporting requirements becoming more standardised, international, and comprehensive.

While JORC have yet to publish the draft revised Code, it is possible that the ESG reporting criteria may align with the recently released standards from the International Sustainability Standards Board which is the International Financial Reporting Standards (IFRS), being IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and the IFRS S2 Climate-related Disclosures. These set out overarching requirements for information disclosures of climate and broader sustainability-related risks and opportunities for investors, which affect that entity's prospects over the short, medium, and long-term. Such reporting obligations extend to those risks and opportunities that are financially material, relate to an entity's governance processes and controls, and include a disclosure of an entity's strategies for identifying and assessing such risks.

As the Australian Government is proposing mandatory reporting requirements commence on 1 July 2024 for Australia's largest companies (with other businesses subject to the requirements over time and with a three-year transition period), it is possible that ESG considerations in the revised JORC Code will coincide with this timeline.

### Competent Person

Given the technical expertise required to report on exploration results, and make resource and reserve estimates, the Code requires all such representations to be prepared, verified and approved by a 'competent person'. A competent person is someone who has at least five years' experience working with the style of mineralisation or type of deposit under consideration and relevant to the activity which that person is undertaking, and must be a member or fellow of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists. Under the Code, competent persons are responsible for ensuring the transparency and materiality of such information included in all types of public reports.

With an enhanced role of ESG concerns as a modifying factor, there is potential that the criteria of a 'competent person' may need to extend beyond geology and metallurgy expertise.

## STATUS

Currently, there has been no timeline provided for public consultation. It is expected that the public review period will be 90 days.

## HOW WE CAN HELP

K&L Gates regularly advises clients in relation to their compliance with the JORC Code and on broader ESG risk mitigation strategies. We will continue to monitor updates to the revised JORC Code.

If you would like any guidance or support, please reach out to one of our team contacts.

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