JORC CODE UPDATE–COMPLIANCE WITH GUIDANCE

Date: 20 August 2024

Australia Corporate Alert

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Mining companies are one step closer to being subject to the changes 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) since 2012. The revised draft Code was published on 1 August 2024 (Draft Code) and is open for consultation until 31 October 2024.

JORC CODE

The JORC Code is a professional code of practice published by the Joint Ore Reserves Committee which regulates the manner in which exploration results, mineral resources and ore reserves may be publicly reported.

The Draft Code is the culmination of a four-year consultation process by the Joint Ore Reserves Committee (JORC) with various stakeholders including the Australian Securities and Investments Commission and the Australian Stock Exchange (ASX).

SUMMARY OF MATERIAL CHANGES

The consensus from the stakeholder consultation process was the need for greater clarity and guidance to both the users of the Code to make mining-related disclosures and to the recipients and end-users of such disclosures. The proposed changes in the Draft Code focus on six key areas. They are:

Key Area	Summary
Structure and Format	The JORC Code will re-structure to be consistent with the Committee for Mineral Reserves International Reporting Standards template. In doing so, JORC seeks to improve the readability of the Code, provide additional clarity, allow for more frequent updates and includes specific guidance notes and worked examples.
Competence and Responsibility	The Draft Code amends the definition of Competent Person and requires that person to: ▪ Provide a publicly available CV; ▪ Complete an online induction into the new Code; and ▪ Include a summary of experience relevant to the subject matter

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	of the relevant disclosure in a public report. Additionally, a "Specialist" role has been added which allows the Competent Person to call and rely upon this "Specialist" where additional subject matter expertise is required.
Reasonable Prospects	A range of changes have been proposed pertaining to the use of the term reasonable prospect of economic extraction (RPEE) in the assessment of mineral resources and ore reserves. Stakeholder feedback saw the need for greater consistency as to how RPEE is communicated in public reports. A key change is the deletion of the word 'eventual' from 'reasonable prospects for eventual economic extraction' in the current Code as a means to discourage companies from using unreasonably long delayed starting points. Companies will also have the additional requirement of reporting on Modifying Factors in their assessment of RPEE, including addressing the expanded suite of environmental, social and governance (ESG) concerns. All assessments used in the determination of RPEE will require an 'if so, why so' justification.
ESG	ESG considerations (as part of the modifying factors) have been reviewed and granular disclosure requirements mandated to varying degrees for each stage of the mining project lifecycle (e.g., study stage, exploration, closure). This process saw JORC assess 90+ ESG frameworks that have developed over the last decade to develop an expansive suite of ESG assessment criteria. Companies will be assisted by detailed guidance regarding each of the key ESG items that should be considered.
Risks: Opportunities and Threats	This new section in the Draft Code is intended to promote the disclosure of project specific risks and opportunities to stakeholders and potential investors. It is the responsibility of the Competent Person to disclose such matters with respect to exploration targets, mineral resources and ore reserves. This aims to increase transparency for investors in respect of risks evaluated at each stage of the mining project lifecycle.
Reconciliation	The current Code does not expressly require a report on a reconciliation between an estimate with a prior estimate of mineral resources and ore reserves, or production results against the mined part of an ore reserves estimate. The Draft Code includes such a requirement. The reconciliation should include an assessment of relevant changes in the modifying factors to explain the sources of such differences. This aligns with current ASX Listing Rule requirements for such comparisons.

STATUS

Feedback to the proposed Draft Code will be accepted until 31 October 2024. The survey is accessible here. Once all stakeholder feedback is reviewed, JORC will make any necessary amendments. A final draft of the Code is scheduled to be released before the end of 2024, with final approvals sought from regulators and a finalised Code released in 2025.

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JORC expects a transition period of up to a year before mandatory compliance is enforced.

HOW CAN WE HELP?

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

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