

Panel Discussion on New QP Categories and Senior QP Proposal

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MMSA Constitution

- Article II - Objectives

The Society shall seek as its primary objective to serve the National Welfare of the United States of America as it relates to the Mineral Industries. Without limiting the generality of the foregoing, this may involve such collateral fields as: (1) the advancement of the Mining and Metallurgical Industries, (2) the better protection of mining and metallurgical investors and workers, (3) the responsible development of mineral resources, (4) the increase and promotion of scientific knowledge in fields related to the Mineral Industries, (5) the encouragement of high professional ideals and ethics.

Two New QP Categories

- Why have new QP Categories?
 - Highly specialized expertise sometimes required for parts of technical reports
- What are the two proposed Categories?
 - Mineral Valuation, Finance
 - Minerals Project Costing, Infrastructure, Management

Mineral Valuation, Finance

- A degree in mineral economics, geology, mining, metallurgy, an MBA or certification with the IIMA
- Ten years of experience in minerals valuations, mineral economics, or minerals financing; with demonstrated familiarity with international valuation codes, the use of Net Present Value, Internal Rate of Return and Payoff Periods and an understanding of macro and micro economics related to a broad topical background in various mineral commodities.

Minerals Project Costing, Infrastructure, Management

- An appropriate engineering degree;
- Ten years of experience in any combination of the following:
 - costs analysis for mining and mineral related projects components including the use of available data bases, historic costs, application of appropriate levels of contingency;
 - analysis, design and costing of mining related infrastructure requirements such as site access, tailings dams, transportation modes, power, water, shops, laboratories and offices, port facilities, with experience in researching and confirming of capital costs and operating components including the use of available data bases, historic costs, application of appropriate levels of contingency; or
 - management of surface and/or underground mining projects through the construction and start-up phases. Capabilities in controlling project costs, schedule and monthly progress reports. Experience in dealing with contractor and vendors including bidding, bid analysis and awarding contracts.

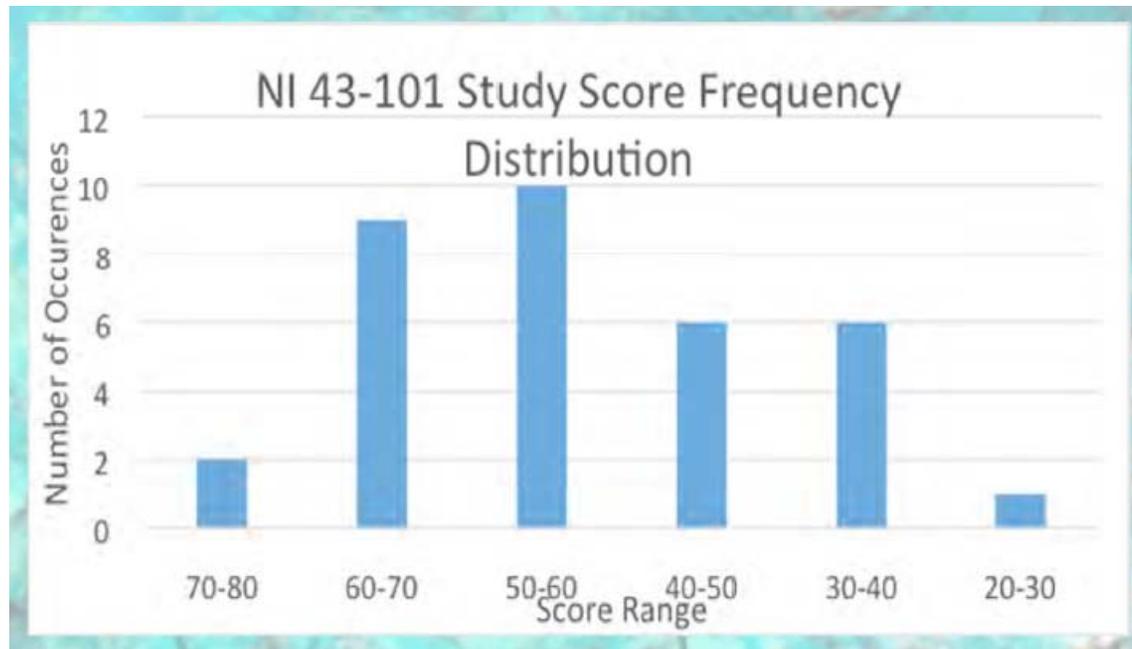
Senior QP Proposal

- Why Have a Senior QP?
 - Recognition of broader experience and knowledge gained through at least one mining cycle
 - Concern about quality of Technical Reports
 - US SEC has proposed rules changes; now hiatus
 - Lend additional credibility to Technical Reports
- The Senior QP does not:
 - Remove any responsibility or liability from any QP
 - Usurp control and responsibility of other professional bodies

Technical Report Quality

- Tim Oliver presented a study of how 34 NI 43-101 Technical Reports measured up.
- The Studies were reviewed for adequacy and quality.
- 13 of the 34 studies were not suitable as a basis for an investment decision.
- Another 6 were borderline.

Study Results



Senior QP Requirements

- Be an existing MMSA QP member in good standing.
- A minimum of 25 years of cumulative experience in the mining industry after graduation.
- Prior involvement with published technical reports.
- Preferably has completed at least one short course on the requirements of NI 43-101, JORC, SAIMM and other governing jurisdictions.
- Minimum four years field work related to the QP category for which the SQP applicant has previously been qualified.

Senior QP Requirements

- Four Sponsors supporting the Member's SQP Status, including at least two MMSA QP Members.
- The name of the SQP applicant shall be published for comment in one edition of the MMSA Newsletter.
- **N.B. A review of the candidate's application and resume by the members of the Quality Membership Committee, including at their option, a personal interview.**

Senior QP Pros/Cons

From Member comments – 27 received

- Pros
 - About half support the idea.
 - Would help protect investors.
 - Agree some/many technical reports are inadequate.
 - Agree in principle with Senior QP status.

Senior QP Pros/Cons

- Cons

- Does MMSA need this? What does it accomplish?
- Will Sr. QP just inflate egos or have a real purpose?
- Add more qualifications rather than another level.
- Possible Legal issues?
- What additional benefits would there be?
- Is this the best solution?

Suggestions

- Raise our standards or change qualification levels rather than making another QP level.
- Not MMSA role to judge technical reports.
- MMSA could issue a guidance document on what is expected to meet standards.
- MMSA could arrange a short course for technical reports e.g. NI 43-101
- Senior QP should complete at least one NI43-101 or JORC course.
- Mixed reviews: should a company employee be a QP on a report?