



THE SOUTH AFRICAN MINERAL REPORTING CODES



THE SOUTH AFRICAN CODE FOR THE REPORTING OF
EXPLORATION RESULTS, MINERAL RESOURCES AND MINERAL RESERVES



THE SOUTH AFRICAN CODE FOR THE REPORTING OF
MINERAL ASSET VALUATIONS



THE SOUTH AFRICAN CODE FOR THE REPORTING OF
OIL AND GAS RESOURCES

*SAMCODES Companion Volume Conference,
Emperor's Palace, May 2016*



- The influence of the Poseidon Ni boom/bust of 1969/70 and the Bre-X scandal (1997)
- First SAMREC Code in 2000
 - Been updated in 2007/2009
 - Major re-write in 2016
- Key outcomes:
 - Minimum Standards
 - New format Table 1
 - “if not, why not?”
 - Key definitions aligned with CRIRSCO
 - Emphasis on demonstrating reasonable prospects for eventual economic extraction (RPEEE) before calling something a Mineral Resource.






- The need for the review and the process followed
 - Initiated by a colloquium with input from the broader industry;
 - Consolidating the issues and undertaking these through various sub-committees and writing position papers which were then debated and outcomes agreed in the SAMVAL Committee

- Key outcomes:
 - Alignment with international standards
 - Definitions aligned to SAMREC
 - Intrinsic value, Fair value, Market value
 - Valuation of Inferred Resources
 - Site visit
 - Inclusion of 'reasonableness' as a basic principle





- Released on 1 February, 2014
 - Based primarily on NI 51-101, as a result of a close working relationship with the Alberta Securities Commission
-
- | | | |
|--|--|--|
| <ul style="list-style-type: none">■ Liquid Hydrocarbons<ul style="list-style-type: none">• Light, medium crude oil• Heavy crude oil• Bitumen• Natural gas liquids• Synthetic crude oil |  | <ul style="list-style-type: none">■ Gaseous Hydrocarbons<ul style="list-style-type: none">• Conventional natural gas• Coal bed methane• Gas hydrates• Shale gas• Synthetic gas |
|--|--|--|

GUIDELINE DOCUMENTS

- **SAMESG – Guideline to the public reporting of Environmental, Social and Governance issues**
 - Global recognition of the importance of assessing and reporting on socio-environmental liabilities
 - Application of SAMESG across all three SAMCODES and has wider relevance throughout the extractive industries

- **SAMREC Diamond (and other Gemstones) Guideline – supplement to assist in the interpretation of Clauses 60-72 of the SAMREC Code.**



■ Panel Discussion / Q&A Session

- Compile information to be fed back to the SAMCODES Committees
- Used to compile guidelines
- Used for next Code re-write/update

■ SAMCODES compliance

- Relevance in the investment community

■ Enforcement

- JSE (Readers Panel)
- Self regulation

■ CP/CV requirements

- Understanding of responsibilities

■ Communication

- Training/mentoring

■ Challenges of Code compliance

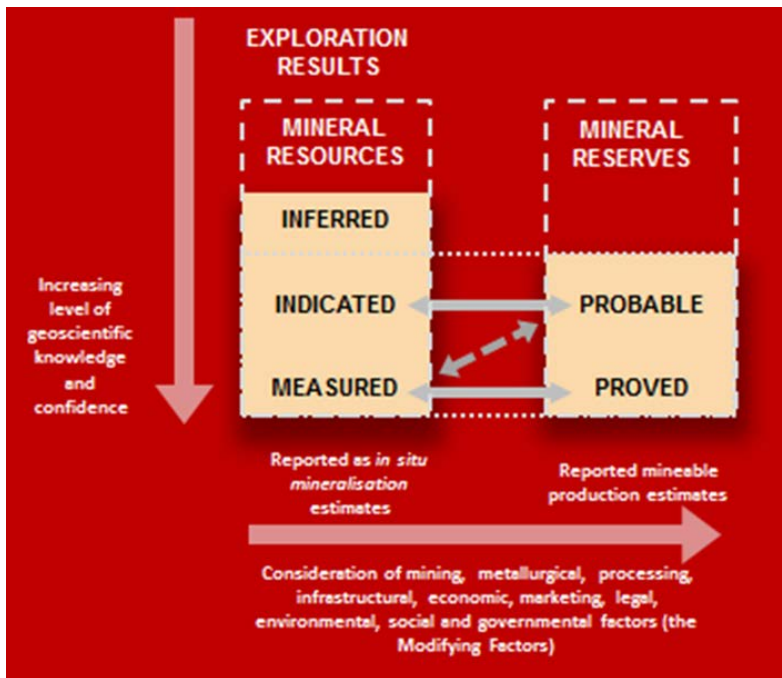
- CP/CV
- Junior miners

■ Competency

- How to gauge and maintain competency



EXPLORATION RESULTS



- Exploration Results, Exploration Targets and Mineralisation must not be misrepresented as Mineral Resources
- Cannot be included in economic assessments
- Cannot be converted to Mineral Reserves

MINERAL RESOURCES/RESERVES

- Case studies from
 - AngloGold Ashanti
 - Reporting of tailings
 - Dimension Stone
 - Kimberlite mines
 - Alluvial/marine diamond deposits
- Challenges associated with illegal mining

- Industry Best practice
 - Collection and validation of exploration drilling data
 - Sampling methods, assay techniques and QA/QC
 - Social & environmental liabilities



VALUATIONS

- Keynote address on the journey towards an international mineral asset valuation code after the fashion of CRIRSCO
 - Expect to see the IMVAL template in the near future
- Different Valuation Approaches
 - Market Approach
- Valuation of Inferred Resources
- Valuation of alluvial diamond deposits



DIAMONDS

- Keynote address –issues faced by junior companies and how they approach regulatory compliance
- SAMREC Diamond (& other gemstones) Guideline document
- How Diamond Resources and Reserves are estimated and/or reconciled on alluvial, marine and (small/large) kimberlite deposits
- Issue of diamond valuation
- Application of the SAMREC Code in the evaluation of Moçambican ruby deposits



COAL



- SANS 10320:2016 requires the use of “lesser modifying factors”, termed Conversion Factors, to independently assess all the key inputs required to be able to systematically and transparently demonstrate whether parts of a Coal Deposit (‘Mineralisation’ per se) should be categorised as a Coal Resource, or not;
- SANS 10320:2016 will be the only applicable standard
 - Application of other codes and guidelines to South African coal deposits will no longer be allowed
- Both place more emphasis on the role of the Competent Person, neither SANS 10320:2016 , nor the revised Australian Guidelines (2014) address how to gauge (or maintain) the level of competency;
- The misreporting of Coal Resources has, in general, made a bigger impact on the Stock Markets than the misreporting of Coal Reserves;



- Self-Regulation





- All Exploration Results, Mineral Resources and/or Mineral Reserves reported publically (*as defined in the 2016 SAMREC Code*) must be compiled in accordance with the SAMCODES
 - The report and the author are subject to the minimum standards and requirements of the relevant Code, as well as the complaints procedure of the SAMCODE Standards Committee (SSC).
 - Even if approved by a Readers Panel (Listed Companies), the CP still remains responsible for his/her report
- Best practice is for all documentation to be SAMCODE compliant





- Self-Regulation
- Training/mentoring





- Self-Regulation
- Training/mentoring
- Registration of Competent Valuers





- Self-Regulation
- Training/mentoring
- Registration of Competent Valuers
- Feedback to the SAMCODES Committees
 - What works / what doesn't?
 - Major issues (pet peeves)
 - Submit through SAMCODES website



- Delegates
- Speakers
- Sponsors
- Reviewers
- Organising Committee / Conference Organisers
- Venue Management and technical staff
- Chairs of Code Committees
 - SAMREC – Ken Lomborg
 - SAMVAL – Kelly Redman / Alastair McFarlane



Thank You
Thank You
Thank You!!!!



www.samcodes.co.za