

Minutes of the SAMOG Committee Meeting

Date:

12 October 2016

Place:

Conference Call

Attendees:

Andy Clay (Chairman)
Annalie De Bruyn (Member)
Sean Davids (Member)
John Etherington (Member)
Tarryn Orford (by invitation)

Apologies:

Peter Dekker
Niall Kramer

No previous minutes.**Agenda:**

To discuss the proposed modifications to the SAMOG Code that are under deliberation by the SAMOG Committee. This included discussion around the following items:-

- Proposed modifications to the SAMOG Code;
- Use of the term of 'unconventional';
- Use of the word petroleum versus oil and gas throughout the code;
- SAMOG to be based upon COGEH, PRMS or both;
- Way forward regarding annual filing requirements by the JSE; and
- Readers Panel considerations.

1. Proposed Modifications to the SAMOG Code

The following modifications were discussed during the meeting. The proposed changes to the SAMOG Code and the minutes from the previous meeting had not been distributed. The committee is to review the following changes prior to the next meeting, for further deliberation.

1.1. General Modifications

Change the name 'Form 1' to 'Form A'.

Provisionally agreed to refer to 'petroleum' rather than 'oil and gas' throughout the SAMOG Code.

Remove reference to 'reporting issuer' and refer to 'reporting entity' consistently throughout the SAMOG Code.

Review the use of the words resources and reserves throughout the Code to be in line with the PRMS definition of these terms.

1.2. Section Specific Modifications

Reporting of Oil and Gas Resources, line 3, page 1: insert wording "relating to petroleum resources in South Africa".

Reporting of Oil and Gas Resources, line 22, page 1: insert 'SAMOG' before Code.

Part 1 APPLICATION, line 3, page 2: remove wording 'attached to this Code. Form 1 shall serve as the QRE's report as stipulated under the JSE Listing Requirements Section 12 (art.12.20(e)).

Part 1 APPLICATION, paragraph 2, page 2: clarify the paragraph to read 'The definitions below relate to the interpretation and application of this Code. Throughout this Code, unless otherwise stated or the content requires otherwise, an expression which denotes any gender includes other genders.'

Part 1 APPLICATION, Section 1(i), page 2: change wording to read 'include any of the following:'.

Part 1 APPLICATION, Product Type, page 2 and 3: to be modified as follows:

"Product type" includes but is not limited to any of the following:

- (i) in respect of liquid hydrocarbons:
 - a) light crude oil;
 - b) medium crude oil;
 - c) heavy crude oil;
 - d) bitumen;
 - e) natural gas liquids; or
 - f) synthetic crude oil; or
 - g) any other unconventional oil

- (ii) in respect of gaseous hydrocarbons, any of the following:
 - a) conventional natural gas;
 - b) unconventional natural gas
 - c) gas hydrates;
 - d) synthetic gas.'

Part 1 APPLICATION, paragraph 3, page 3: modified to read...'if they have been prepared for the purposes of public release...'

Materiality, page 3: altered to read the following: 'A Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and expect to find, for the purpose of making a reasoned and balanced judgement'.

Section 5.2(a): insert new paragraph (iv) to read as follows '(iv) be based on a general discussion in Form A, that avoids misleading statements. The discussion should include the technologies used to establish the appropriate level of certainty for the reserve estimates. This discussion should describe methodologies used for the reserve bookings, and how in- place volumes were calculated, production tests were interpreted and recovery factors assigned.'

Section 5.2(a)(v): updated to (vi) and reworded to the following 'have been made assuming that development of each property, in respect of which the estimate is made, will occur, without regard to the likely availability to the reporting entity of funding required for that development where reported under the category 'Justified for Development'; and'

Section 5.2(a)(v): updated to (vii) and reworded to read the following 'in the case of estimates of *possible reserves* of related *future net revenue* disclosed in writing, also include a cautionary statement that is proximate to the estimate to the following effect: "Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.'

Section 5.3(1) update to read 'Disclosure of reserves or resources must apply the reserves and resources classes, definitions and categories set out in PRMS and must relate to the most specific category of reserves or resources in which the reserves or resources can be categorized.'

Part 7, Form 1: Item 2.4 to be removed.

Part 2, Item 2.1: insert (2) 'The reporting entity shall provide a general discussion in Form A, that avoids misleading statements. The discussion should include the technologies used to establish the appropriate level of certainty for the reserve estimates. This discussion should describe methodologies

used for the reserve bookings, and how in- place volumes were calculated, production tests were interpreted and recovery factors assigned.'

All further minor spelling, numbering and formatting changes were accepted.

The merging of COGEH and PRMS is expected to take a number of years still and as such, reference to both COGEH and PRMS are to remain in the SAMOG Code. Both COGEH and PRMS are currently being updated and expected to be finalised in late 2017.

2. Items for further deliberation/ consultation

The JSE Readers panel:

- Should the review process be open and transparent, allowing for discussion between compilers and readers; or should the process be anonymous, to protect the Reader and allow more open commentary?
- Concerns around compromising proprietary information where Readers are employed by competing companies.

Inclusion of annual reporting requirements and other changes to the JSE Listing Requirements.

Inclusion of further information, such as project description, geology and environmental issues of company portfolios into the SAMOG Code, and should the requirements be upon listing or part of annual reporting?

3. Action Points

Andy and Tarryn to compile meeting minutes.

SAMOG Committee to review modifications to SAMOG Code and items for discussion.

Andy to organize a committee meeting or conference call to formalise the proposed modifications.

Andy to inform the Alberta Securities Exchange (ASC) of the proposed modifications for consideration and comment.

John Etherington to distribute the updated PRMS to the SAMOG Committee when it is released for public comment.

There being no other business, the meeting was closed.