

**MINUTES OF THE SAMREC WORKING GROUP MEETING**

**HELD ON 26 MARCH 2015 AT 09:45**

**IN THE DELVILLE WOOD ROOM, MILITARY MUSEUM**

**Present:** **K Lomberg (Chairman)**  
**H Botes** **A Kinghorn**  
**A Botha** **T Marshall**  
**J Delport** **J Nel**  
**A de Bruyn** **K Redman**  
**E du Toit** **T Rowland**  
**T Flitton** **J Ruddy**  
**J Luckmann** **J Sullivan**  
**J Visser**

**Apologies:** **J Botha** **M McWha**  
**A Clay** **R Minnit**  
**R Croll** **S Mutharay**  
**M Davidson** **J Odendaal**  
**C Dohm** **M Rieder**  
**S Foya** **S Rupprecht**  
**M Harley** **N Strydom**  
**S Joubert** **E Takolia**  
**M Lynne** **D Young**  
**A Matthysen**

**In Attendance:** **R van der Berg, SAIMM**  
**A Donnelly (Scribe)**

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**1. WELCOME**

The Chairman welcomed those present and asked for introductions. The objective of the meeting was to finalise discussions on the queries previously submitted and not covered in the previous meeting.

**2. ACCEPTANCE OF PREVIOUS MINUTES**

The minutes of the meeting held on 26 February 2015 had been circulated and were accepted as a true reflection of the meeting, with the following exception:

Page 3 – Scope, Clause 6: Ms de Bruyn requested that the wording be changed to include “Table 1 would be made available and not published with the Competent Person’s Report”. The minutes did not reflect that and it was agreed that the words “available on request” should be included.

### **3. MATTERS ARISING**

The Chairman confirmed that most of the action items had been dealt with and updates had been made to the draft Code. Dr Rupprecht was still to provide wording regarding feasibility and how this would fit into the Code. All of the issues discussed at the last meeting had been included in the Code. Once the draft was complete, it would be distributed and then presented to the SSC for ratification and then follow the consultation process to JSE, FSB and the public participation. SAMREC and SAMVAL were basically at the same point of the timeline and the aim was still to get a joint submission to the JSE. The SSC meeting was scheduled for 28 May.

### **4. DISCUSSION OF FINAL VERSION OF SAMREC CODE**

#### **4.1 Venmyn Deloitte Submission**

The comments from Venmyn on Table 1 were discussed and it was agreed that only those comments that were accompanied by suggested wording would be considered.

- Section 2: Geological Setting, Deposit, Mineralisation

Clause 2.1 - it was suggested that the word “briefly” be deleted. The Chairman advised that various verbs had been used in order to avoid monotony and the clause would remain as is.

- Section 3: Exploration and Drilling

Clause 3.1.(ii) - it was suggested that the words “identify and comment” be replaced by “describe”. As these words had originally been inserted to force people to identify specific issues being dealt with, it was agreed to keep the clause as is.

Clause 3.1.(iii) – it was suggested that the words “acknowledge and appraise” be replaced by “describe”. It was agreed to leave the clause as is.

Clause 3.1.(vi) – Venmyn believed this clause should be deleted. The meeting agreed to leave the clause in place.

Clause 3.2 – Venmyn called for the deletion of clauses (ii), (iii) and (iv) and it was agreed that these would remain in order that issues were correctly addressed. If it was not applicable to the project, this could simply be mentioned in their comments.

Clause 3.3.(ii) – it was suggested that this clause be removed. The meeting agreed that the clause should remain.

- Section 5: Technical Studies

Clause 5.6 – Venmyn suggested that the proposed table of input parameters prepared by Tania Marshall should be incorporated into and referred to in this section so that the observable inputs to demonstrate reasonable prospects for eventual economic extraction are compatible with the table of input parameters for valuation in the SAMVAL Code. This is very important and MUST be agreed by SAMVAL. The Chairman advised that whilst the idea was to avoid being prescriptive, these issues would have to be dealt with and suggested including this in the Companion Volume.

The following issues were discussed under the main Code:

- Section 22: It was suggested that somewhere in this section there needed to be included, a specific requirement for the table of observable inputs used to demonstrate economics, to be completed to justify the economics. The Chairman advised that as this comment did not come with a specific suggestion, it was difficult to debate what was required. As this was in Table 1 and also covered under Technical Studies, it was agreed to leave it as is.
- Section 23: Venmyn were still concerned that the paragraph in italics which referred to the confidence in the estimate was in conflict with the principles of the SAMVAL Code. They believed it still seemed to suggest, or amplify, the problem of determining economic value for Inferred Resources. This was supposed to have been cured. This had been removed previously.
- Section 41-44: Venmyn did not agree with imposing confidence limits with respect to these studies, since this was a move towards being prescriptive, rather than providing guidelines. The Chairman advised that this had been put into Table 2 and that it was not prescriptive, it was a guideline and embraced more than the OPEX or CAPEX requirements.
- Section for Industrial Minerals: Venmyn did not agree with the inclusion of this section as it was inconsistent with the original guideline approach adopted in 1998. The Chairman believed that this should be included in line with developments in that direction.
- Section for Metal Equivalents: Venmyn did not agree with the inclusion of this section as it was inconsistent with the original guideline approach and was not clear. There was no recommendation and the Chairman did not agree.
- Table with respect to study categories: Venmyn did not agree with the ranges being incorporated as specifics. The Chairman advised that this was a CRIRSCO requirement and would stay in place.
- Appendix 1: "Executive Summary" should be replaced by "Synopsis". It was agreed to leave this as is.
- Appendix 3, Compliance Statements: Venmyn called for this to be deleted. Ms Flitton suggested putting in a preamble to the appendix to say that this was a guideline for both Appendix 2 and 3 – as was the case for Appendix 1, i.e. suggested wording for compliance. It was recommended to change "should" to "could" or "might" and look at possible duplication.

#### **4.2 Tania Marshall Submission**

The comments from Ms Tania Marshall were discussed as follows:

- The Table of Contents showed a section on economic analysis of the deposit but this was not noted in the Tables. It was suggested that this be included at the relevant level as an additional clause (5.8) under Section 5: Technical Studies. This would not be applicable for exploration results. Some discussion followed and it was agreed to include this.
- Section 10.3, Reporting of Diamonds and Gemstones: Dr Marshall believed that reports should not be based on kimberlitic indicator minerals only. Recent documents showed that people were using indicator minerals on an alluvial deposit to indicate the possibilities of it a good deposit, when there was no relationship between indicated minerals and alluvial deposits, certainly not in the same way as there was with kimberlite and this practice should be avoided. Microdiamonds were a separate, more detailed point and this was in addition to microdiamonds. It was agreed to make the changes.

- Section 10.5, Estimation and Modelling Techniques: Dr Marshall advised that, when looking at reporting grades, it was initially said that if grades were reported, it should be clearly stated whether these were regional averages or if they were selected individuals taken from the property under discussion. A suggestion was made to add whether the grades were based on microdiamond assessment or kimberlite indicator analyses as well. This would assist the person reading the document to determine the level of information. It was agreed that Clauses (i) to (iii) should all go across exploration results, mineral resources and mineral reserves.
- Clause 3, Main Code: Dr Marshall suggested including a broader definition of public reporting in order to avoid misunderstanding. It should be mentioned that a public report refers to any documentation which may find its way into the public domain, it does not only refer to reporting documentation by companies listed on the securities exchange, but also includes documents compiled by or for private companies or individuals. This inclusion was not intended to conflict with the scope of the Code; it was simply to allow investors or potential investors of private companies to see that they were also entitled to SAMREC compliance and maybe encourage them to report non-compliant documents. It was agreed to include this, in italics. Expert reports would be included here.
- Under “Scope”, Clause 3 – Dr Marshall queried whether other regulatory authorities should also be cited as examples, e.g. DMR, SARS. Some discussion followed and the Chairman queried whether this should be put in the Code or detailed in the Companion Volume. It was agreed to leave the clause as is.
- A comment had previously been raised on the use of the word “untested”. Dr Marshall believed that “untested” was the word used in the JORC document and questioned what alternative words could be used. It was agreed to leave as is.
- Clause 32: Reporting of Mineral Reserves – Dr Marshall suggested simplifying the sentence to read: *“The term ‘economically mineable’ implies that extraction of the Mineral Reserve has been demonstrated through the application of a prefeasibility or feasibility study.”* This was agreed as it had also been defined in Table 2.
- Gemstones and diamonds – note on kimberlite issue would again be included.

#### 4.3 Quartus Snyman Submission

Mr Quartus Snyman’s comments and suggestions were discussed as follows:

- Under Clause 21, Reporting of Mineral Resources, the following wording was suggested:  
*“Interpretation of the word ‘eventual’ in this context may vary depending on the commodity, mineral involved or legal tenure. For example, for many occurrences of coal, iron ore, bauxite and other bulk minerals or commodities, it may be reasonable to envisage ‘eventual economic extraction’ as covering periods of 50 years or more. However for other deposits, application of the concept would normally be restricted to perhaps 20 to 30 years and frequently much shorter periods”* or at least including something among the lines of: *“....should the resources and reserves exceed the awarded licence period it should be stated in the public report”*. This was agreed.

#### 4.4 Environmental Submission

The Chairman advised that at the SSC meeting of 20 March 2015 it was agreed that the comments of the ESG Working Group would form part of the SAMREC/SAMVAL Code as opposed to being a separate ESG Code. Ms Dyke would present their comments for discussion and decision on where these should be included within the Code.

Ms Dyke provided background around the formation of the SAMESG working group, which had representation from industry and Government, as well as a mix of lawyers, geologists and Health & Safety specialists. The idea was to determine which elements would be material in reporting for the SAMREC Code and, taking it further, how to assist with SAMREC and SAMVAL. The working group had looked at the previous SAMREC Code and identified areas where ESG matters would be clarified and which elements could be appropriate for inclusion.

- Glossary of terms: Ms Dyke suggested that some definitions should be included, i.e. ESG, sensitive areas, land use conflicts, occupational health and safety, human rights. Many of these came from the World Bank definitions. The Chairman advised that the Code was structured as a guideline, not a working document. The Companion Document would go into more detail and suggested that the definitions should rather go into that. In addition, changes and supplements would be more easily inserted into the Companion Document. Ms Dyke agreed and suggested that an ESG guideline could be put together as an Appendix to the Code, with the necessary references contained in the Code itself.
- Assessment criterion (T1.2) Project Outline: Ms Dyke proposed the addition of a description of organisational structures, systems, policies, procedures and management plans, and governance procedures in place to manage ESG issues. This was a broad requirement and the specifics could go into the Companion Document. The Chairman believed that the description should only go into the "Mineral Reserve" column, as structures would only be in place on an existing mine. Mr Lomberg also suggested that this should be under "Technical Studies". This was agreed.
- Assessment criterion (T1.4) Key plans, maps and diagrams: The Chairman recommended rewording the proposed addition to make it broader and it was agreed that this should fall under 5.5 "Environmental and Social". "Governance" would be best practice (Companion Volume) and minimum standards would be the Code.
- Assessment (T1.5) Project location and description: It was suggested that points 4 and 5 on Ms Dyke's list be amalgamated, as the wording was very similar.
- Assessment criterion (T1.7) Legal aspects and tenure: Ms Dyke outlined the suggested wording across Results, Resources and Reserves to describe which management systems had been implemented to ensure ongoing ESG compliance. The Chairman responded that this would be required at reserve stage but maybe it should be added under "Legal" rather than having it as something separate.
- Also under Assessment criterion (T1.7) Legal aspects and tenure: On the description of penalties and fines for ESG matters, the Chairman suggested that there should be a broader wording under "Risks".
- Assessment criterion (T5.2) Environmental: For exploration, Ms Dyke recommended providing an analysis of environmental and giving high level analysis of the valued environmental components that may need consideration. In addition, also describing and assessing the risks associated with any obvious environmental factors that could have a material modification on the prospects of any possible exploration target or deposit. The Chairman replied that this was about minimum standards as opposed to best practice. The investor wanted to know that the environment was not at risk and suggested that this should be incorporated under "Risks". It was suggested that definitions of "material risk" should be included, as well as artisanal mining. The Chairman cautioned against being too prescriptive to the Competent Person.

Mr Lomborg recommended that a certain amount of latitude be allowed so that environmental does not overtake everything else on the technical side. It was important, but there had to be a balance.

There were three areas of impact, i.e. Legal, Environmental and Technical Studies. It was agreed to put the work done to date into the three different areas, adhering to the minimum standards and what a reasonable investor would expect to find. It did not have to be a step-by-step description and level of detail on procedures. The idea was to take some of the onus away from the Competent Person and let the environmental specialist take some of the responsibility for what went into the report. SAMREC was all about the Competent Person so it was important to also incorporate a registered environmental person to sign off on some of the responsibility. The requirements of a Competent Person in terms of ESG matters should be identified.

The Chairman suggested that he had a meeting with Ms Dyke, to draw up a document showing comments listed in the correct sections. This would then be circulated to SAMREC working group members with a request for feedback via "track changes", which would be discussed at the next meeting on 07 May 2015.

**Action: K Lomborg and S Dyke**

#### **5. ACCEPTANCE OF FINAL VERSION OF SAMREC CODE**

At a request from members, Mr Lomborg agreed to update the Code and circulate the final draft. Thereafter, the only addition would be the ESG guidelines. This would be finalised at the May meeting and submitted to the SSC.

**Action: K Lomborg / R van der Berg**

#### **6. TRAINING / COACHING**

A Competent Person one-day training workshop was scheduled for 17 April 2015 to the GSSA.

#### **7. COMPANION VOLUME CONFERENCE**

The Chairman advised that a final announcement would be sent out shortly. The first deadline was 15 May 2015 for submission of extracts on presentations. The actual papers had to be in by the end of October for peer review. The Conference was scheduled for May 2016.

**Action: All working group members**

#### **8. CLOSING**

The Chairman thanked all for attending and the meeting closed at 11:30.

#### **9. DATE OF NEXT MEETING**

The next meeting was scheduled for 07 May 2015.

**SUMMARY OF KEY ACTION ITEMS**

**Ken Lomberg:**

Amend Code with suggested and agreed recommendations

**Raymond van der Berg:**

Investigate reason for e-mail failures  
Circulate Companion Volume Conference announcement  
Circulate amended Code prior to March meeting

**All working group members:**

Submit papers for Companion Volume Conference to Ken Lomberg or Raymond van der Berg

**Sarah Dyke and Ken Lomberg:**

Draw up document with ESG inclusions and circulate for comment before May meeting.

**Raymond van der Berg:**

Circulate amended Code before May meeting.