

THE SOUTHERN AFRICAN INSTITUTE OF MINING AND METALLURGY

SAMREC/SAMVAL WORKING GROUP MEETING

**Minutes of the meeting held at the SAIMM, Hollard Street, Johannesburg on
06 August 2009 at 11h00**

PRESENT: Mr M O'Brien (Chairman SAMREC Working Group)

Mr A Clay	Ms A de Bruyn
Mr S Rupprecht	Mr A Moyes
Ms R Harper	Mr N Strydom
Mr M Harley	Mr J Visser
Mr W Mills	Mr J Whittaker
Mr D van Heerden	Mr M McWha
Mr J Witley	

APOLOGIES:	Ms K Redman	K Rayner
	G Njowa	P Rice
	C Hutton	D Dingemans
	G Smith	E Lilford
	P White	
	R Dixon	R Croll
	G Chunnet	A Christie
	R Davel	D Minnitt
	Ms V Lickfold	

IN ATTENDANCE: J Dixon (Manager, SAIMM)

1. WELCOME

The Chairman welcomed all to the meeting and noted the attendance of three new members, namely Messrs Whittaker, van Heerden and Strydom.

2. MINUTES OF THE PREVIOUS MEETING (MARCH 2009)

The minutes from the previous meeting of 6 August 2009 were accepted as a true reflection of the proceedings.

3. MATTERS ARISING FROM THESE MINUTES

CP and CV Accreditation

There were two working group meetings for this particular parking lot issue. The first meeting canvassed the details in terms of the level of qualification that a CP would require. The second meeting explored alternative qualifications that a CP may require; essentially bringing the issue back to where it started. The main issue highlighted from the meetings is that the qualification criteria is of vital importance.

Internationally, both the SME and Chile have introduced a registration process for CPs. The WG looked at four major disciplines – four pillars on which to base the accreditation process. Each

discipline would require a person to have the relevant knowledge and experience and to belong to the right organizational body.

Two further issues arising are the procedure needs to be more process orientated and taken from a broader and more subjective angle.

The WG did however feel that this matter was not ready for discussion at the proposed workshop to be held in conjunction with the World Gold Conference.

The meeting suggested that although the issues were not buttoned down, it may be useful to have the discussion at the workshop to determine what the general feeling was with the public domain. The WG would lead the discussion but would receive feedback from the workshop attendees and hence industry.

It was submitted that from a JSE point of view, the modus operandi is to go through the GSSA/SAIMM in order to deal with problems. It would however be best to leave the problems with Government Registered Bodies to deal with such matters.

The envisaged problem is that members of industry will not want to register as they will not want to fall under yet another government body. With regards to accountants, if they are working on public reporting, they have to register with the JSE, yet SAICE is the professional body for all accountants.

To get around this battle at the professional level with the GSSA/SAIMM – the JSE will have to incorporate it within their code – need to enshrine it as the top. Like JSE, if the SAIMM/GSSA wants to get disciplined, they will have to do something like the JSE. The SAIMM/GSSA would have to collaborate with the JSE but the JSE would have to come up with new rules which they do not want to do.

The key is to be in a position to discuss the key issues and to provoke discussion to get awareness. The founding principle is registration for CPs. But for now the person must be able to demonstrate his skills as a competent person. Registration of CP and CV is one thing that you also need CPD points to keep going.

There is also consensus between GSSA/SAIMM and Plato, Sacnp, ECSA etc – it is important that there is a correlation between the experience and the function performed. We must not get hung up on the qualifications side, the experience side is more important – skills based.

There was a recommendation that the JSE should introduce a registration process similar to the accountants' procedure – applicable to all parties preparing reports under section 12.

The function of the JSE:

ECSA/PLATO/SACNP – people register with them to be a CP. Why would they want to register again?

How do people who produce dodgy reports get disciplined?

JSE? They are removed from the list but then they have to control the accreditation process. Processing a complaint will mean that it either goes to the ethics committee of the SAIMM/GSSA and if it has merit, person does to _____ to do a report/affected them get a _____ with SACMA/PLATO/ECSA.

Statutory bodies have the power to do a proper disciplinary process while SAMREC does not.

The readers panel is the interface which prevents the dodgy report from seeing the light of day. But when one does slip through the cracks the reader does not take responsibility.

Next question: How are readers appointed? Are they qualified as CPs? Are they tested as CVs? The point being – where is the control process of the ongoing adjudication of the readers?

The workshop should be used to put this major issue on the table.

Why do they want to establish the register?
Give examples of where it has been done.

Then discuss and report to SSC.

Must not get to hung up
Draft documents on the discussion are to be sent to the SAIMM and GSSA.

International Practice

Mr Clay asked why the issue of reporting styles were unfavourably- received to which the Chairman informed him that styles are aligned to the manner in which CPs view the process and the contents of Section 12 and so checklists should be allowed to govern the way in which a report is issued. Mr Clay then asked: what was the response of the SSC with regards contradictory reporting processes i.e. if a report is requested according to the requirements of National Instrument (as a primary or secondary listing issue) and problems are then experienced converting that to ensure that it is fully compliant with SAMREC then the two reporting styles don't actually connect so more than one report would have to be written. Ideally only one report should stand. The Chairman replied that this issue was not discussed in great detail to which Mr Clay answered that it is a point of principle as what would happen if the Codes are being used as a *prima facie* standard by exchanges in more than one jurisdiction for the listing of a company. A complicated problem could arise on how to write the report to match more than one jurisdiction.

Ms de Bruyn stated that in her opinion neither the Code, nor the annexure, prescribe what reports should look like. Of importance is the content of the report, not its format. Mr Clay pointed out that in the past the JSE's Section 12 was fully prescriptive and once the SAMREC Code was promulgated Section 12 moved sideways, giving ground to requirements as contained in the Codes. In Mr Clay's opinion there will be problems with the order of items which the SAMREC Code will asked to be reported on as these are not clear, are inconsistent and do no match any other reporting structures.

It was further pointed out that Executive Summaries, in terms of requirements from the JSE, have a specific structure which must be followed, whereas National Instrument has a different structure. This has already necessitated two sets of reports being written.

Mr McWha pointed out this issue had been discussed when the appendix for the Code was being compiled and he had at the time suggested using NI43-101 as the basis of the chosen reporting style. However, the SSC had decided that NI43-101's order of chapters was not acceptable and therefore did not want to use it.

Mr Clay stated that he found it strange that the SSC had not found the topic of reporting styles as being worthy of discussion to which the Chairman pointed out that at the time there were other priorities which had to be dealt with.

Mr Clay concluded by stating that one would have to defer to the SSC but added that he and many of his colleagues battle with the structure and form of the reports. He requested that the

issue be further considered. He suggested that the committee, through the SSC, devise a best structure for reporting purposes, distribute these to a variety of stock exchanges and ask for comment and feedback. The Chairman suggested bringing this issue into discussions and resolutions at the Best Practice conference due to be held. This was agreed to by all.

4. OUTSTANDING ISSUES

CP and CV Accreditation: Ms de Bruyn will deal with this issue.

Independence as a principle: Nick Tyler will deal with issue

Resource reporting on inclusionary/exclusionary basis: Mr Clay will attend to these issues.

Evaluation of inferred resources and inventory: Godknows Njowa and Vanessa Lickfold

Best Practice: Mike McWha and the Chairman.

Forthcoming round robin meeting/workshop:

The Chairman suggested that a round robin meeting be held in about five weeks time to which all the above topics will be brought to the table and discussed in preparation for a workshop to be held later in the year (towards end October).

Mr Clay suggested that during deliberations on the above topics that each responsible nominee(s) put forward a clause or clauses which can be added to the Code, forwarded to CRISCO and then offered for global consideration. By putting definite clauses on the table, debate and discussion at the forthcoming workshop will be meaningful and decisive.

The Chairman stated that any recommendations made must first be tested against the CRISCO template and the JSE's Section 12 to ensure compliance. The recommendations will then be referred back to the SSC for approval and thereafter to industry and other stakeholders for their input and comment. Only once this process is completed can recommendations be incorporated into the Code. JORC has announced that it is in the process of revising its code so now is probably an ideal time for SAMREC to undertake recommendations/revisions in tandem with JORC.

Mr Clay stated that Mr Davel has informed him that the next extractive industries accounting draft on accounting standards for mineral assets and resources should be available within the next few weeks. This draft will then also be available for perusal in conjunction with any changes or recommendations to the Code.

For the forthcoming workshop a flyer will sent out detailing the topics to be debated. **Action: The SAIMM Secretariat**

Mr McWha stated that with regards the issue of Best Practice, in his view this issue will have to be the focus of another workshop at a later stage as compiling a document on this topic requires input from many companies.

Mr McWha informed the meeting that the AMIRA Code on metallurgical accounting has been developed in parallel using the South African model. He suggested inviting AMIRA to the conference to give input. This was agreed to and Richard Beck will be approached to give his opinion in this regard. Furthermore, AUSIMM will be informed of the topics due to be discussed at the workshop and invited to give input. **Action: The SAIMM Secretariat**

The way forward for sub-committees

Each committee must liaise with interested parties, meet informally and discuss and debate its specific topic.

The SAIMM Secretariat will send out an email to all interested parties detailing the list of topics and inviting participation in discussion with the sub-committees. **Action: SAIMM Secretariat**

A position statement from each sub-committee can then be tabled in five weeks time.

Educational conferences and workshops:

A best practice workshop will be scheduled for the first quarter of 2010.

The Chairman informed that he had a meeting at WITS with Derek Rungan who runs the compliance course at WITS and who will be putting together a course in second week October. Anyone with ideas and suggestions in this regards are free to contact Derek.

Mr McWha stated that as the Best Practice conference will be organised through both the SAIMM and GSSA somebody from this Committee must be on the Councils of both these entities to drive the process. The Chairman was proposed as a suitable representative to attend both Councils.

5. GENERAL

Workshops: Mr Clay informed the meeting that the GSSA, through its Professional Affairs Portfolio, is considering ongoing education initiatives. He suggested that the GSSA be made aware of activities within the SAMREC committee with a view to incorporating SAMREC issues into their activities. He further stated that it is extremely important to get feedback from CRISCO on developments internationally. Furthermore, Mr Clay felt that it is the turn of the GSSA to chair the SSC and this issue must be addressed.

Oil and gas sub-committee: No activity has taken place in this committee despite the fact that there has been a lot of movement within the field. The SSC, through its representation at the UN, must inform the SAMREC committee of what the current status is with the Oil and Gas Committee.

The Chairman agreed that there has been a lack of movement within this sub-committee. Several people have been proposed as potential conveners of the committee. He asked for further relevant names of suitable candidates to take the committee forward.

SAMCODES: The reprint has been approved with corrections (typos).

Feedback from SSC:

CRISCO: Mr Camisani is still representing SAMREC at CRISCO. In 2010 Mr O'Brien will take over from Mr Camisani. Peru is currently negotiating its membership of CRISCO. The Chinese Mineral Resources and Reserves Evaluation Centre sent a delegation to South Africa a few months back and is now having a seminar on international codes in late October. Mr Camisani and Mr Dixon will attend.

IASB: The first paper should be available soon, hopefully before the next SAMREC meeting.

UN Framework UNFC Code: Mr Camisani has been keeping in touch with this initiative. Meetings have been scheduled in Norway in February 2010. OPEC and former Soviet countries have objected to certain issues within the UNFC Code. Revisions to the Code are being made and must be tabled by October 29th in Geneva. Mr Camisani will attend this meeting and report back. The Chairman tabled three documents on the UNFC Code which invite comments to be submitted via the UNECE website. Mr Camisani has asked that any comments submitted please first be passed through him so that he can have relevant information on these comments on hand when he attends the meeting in Geneva at the end of October.

There being no further business the meeting concluded at 12h00.

The next meeting date will be confirmed in due course.