

NOTES OF THE SAMREC COMMITTEE MEETING

HELD ON 31 MAY 2018 AT 09:45

**MIDSHAFT BOARDROOM, MANDELA MINING PRECINCT,
CARLOW ROAD, AUCKLAND PARK, JOHANNESBURG**

Present: Mr K Lomberg (Chairman)

Mr M Austin
Ms A de Beer
Dr T Marshall
Mr M Mullins
Ms S Mathuray
Mr J Nel
Mr G Njowa
Dr S Rupprecht
Mr M Stewartson
MS T Flitton

From SABS: Ms L Jeffrey
Mr H Mouton
Ms C Telfer
Ms K van Deventer

Apologies: Mr T Rowland

In Attendance: Ms C Jardine (SAIMM)
Ann Donnelly (Scribe)

1. WELCOME

The Chairman welcomed everyone to the meeting and extended a special welcome to the representatives from SABS/SANS. All participants introduced themselves.

2. ACCEPTANCE OF PREVIOUS MINUTES

The minutes of the meeting held on 22 February 2018 were accepted as being a true reflection of proceedings.

3. MATTERS ARISING & KEY ACTION ITEMS

This agenda item was not covered in the meeting.

4. REVIEW OF WORDING IN TABLE 1

This agenda item was not covered in the meeting.

5. TRAINING

It was confirmed that the Diamond Conference was scheduled for the following week. There was a Basic Course scheduled for June and an Advanced Course for August, with a JSE course to be held sometime in September. All participants were requested to spread the word.

Mr Mullins advised there was a half-day workshop in July with GSSA and another half-day workshop at the Copper Cobalt Conference in Zambia on 09 July. A number of these had been planned for universities, but still needed to be confirmed. Mr Lomborg requested that these be publicised to boost attendance.

Mr Mullins advised that publicity for SAIMM and GSSA was going extremely well, especially via LinkedIn, and he complimented all concerned.

6. WEBSITE CONTRIBUTIONS

There was nothing to discuss under this agenda point.

7. CRIRSCO NEWS

Mr Lomborg advised that he had been in Brazil the previous week, where Colombia had been welcomed as the 12th member and Turkey would become the 13th member shortly. It was also possible that India would become a member. Other countries had also expressed interest in joining (China and Kyrgyzstan) and matters were moving along.

8. LETTER FROM MRREC, CHINA

SAMREC had been asked by China to put together a two-week training course. They have been to Australia to find out how SAMREC worked in that country. They had also had interaction with the first five countries that started CRIRSCO. The delegation of 20 people would be in South Africa for two weeks. SAMREC wanted to put together a programme in order that they received an understanding of what SAMREC did. Mr Mullins and Mr Lomborg would put a draft programme together and ask various people to contribute. Ms de Bruyn was asked to introduce the delegation to the JSE. It was anticipated that communication would not be easy. Mr Mullins suggested that it might be advisable to have a short course on cultural training. It was hoped to arrange one or two mine visits, e.g. coal mining. Dr Marshall added that there was a geologist from Fort Hare University currently working at Worley-Parsons, who might be useful in assisting with translation and general cultural issues. In addition, there may be a request for finance from SAIMM to secure his services.

Action: Matt Mullins / Ken Lomborg

9. RESPONSE TO SANS 10230

Mr Lomborg provided some background on SANS 10230. SANS 10230 was started in the late 1990s and was published in 2004. There was apparently an agreement with SAMREC for this to happen but no records of the agreement have been found. The rewrite of SANS 10230 started in 2011. It was sent out for comment in October 2017, for return in November. The SAMREC Committee, together with various other people, had made some commentary and this was taken to the SABS. About two months ago, a meeting was scheduled and SAMREC received the commentary to review properly. A meeting was held and SABS asked SAMREC to comment on the reaction from that committee.

Mr Lomborg outlined SAMREC's role and position. The SAMREC Code specified that SANS had to be **considered**; and was not obligatory. This meant that, if somebody did not use SANS, there was no comeback on them from a SAMREC perspective. The way that SAMREC had to consider what was on the table was:

- To ignore it as SAMREC
- To go through the document line by line
- To split it up and get various people to work through it on an ongoing basis

The request was to do this by 05 July, but this was not possible. There were 2 000 references to SAMREC which would need to be considered.

Before this started, SAMREC would have to decide how it wanted to relate to SABS going forward. One option was to keep SANS as it was. Other options were to withdraw completely and to go at it alone; or to do something in the middle. It was suggested that this debate should be held before going forward. It was important to note that this was a SAMREC approach to SANS and to have this discussion at this meeting.

Mr Mullins thanked Mr Lomberg for the introduction and believed everyone had a good understanding of the SSC and the SAMREC position. He provided some background on the Codes and advised that training material was freely available and this had led to the success of the Codes. He advised that Mr Lomberg was talking on behalf of the SAMREC Committee and he was talking from the SSC's point of view.

He commented on the three possible approaches mentioned by Mr Lomberg:

The first option was that SAMREC could ignore SANS by removing Clause 49 from the Code. SAMCODES reserved the right to modify the Code as and when it saw fit. He added that SAMREC would prefer not to follow that option, as coal was the biggest money-spinner of any of the commodities. He saw this process as an opportunity to have coal as an integral part of the overall SSC process.

The second option was to take it to the SAMREC Committee to rewrite it so that it was completely compatible with the Code. Mr Lomberg advised that there was already a guideline for diamonds, so that was an option. Mr Mullins continued that this was the route followed by Australia, splitting the standards from the guidelines. The guideline fell under JORC and the standards fell under their standards. That was on the table as a possible approach.

The third option was to work with the SABS working group to get this to the point where it could go through the approval process so that it conformed to SAMREC. It did not make sense to have more than one Code in the public domain. SAMREC wanted to speak with one voice in terms of all the current guidelines. There were commodity-specific issues that needed to be addressed in terms of certain commodities. Mr Mullins suggested looking at one of the commodities other than diamonds. These underpinned the SAMREC and SAMVAL Codes, which were important in understanding how the Codes were interpreted, particularly in terms of things that were specific only to those commodities.

Dr Marshall advised that when the SAMREC Code was being rewritten, the aim was to put more guidelines in the diamond section. Eventually there were 20 additional pages; so, after much discussion, it was decided to take out the guidelines and rather put these into a guidance section that dealt with diamonds and other gemstones. Each of the clauses was taken directly from SAMREC within the diamond-specific section. That contained all the guidance and issues that people needed to look at specifically with regard to diamonds. This was put into a reasonably short version of the guideline section. Any person writing a diamond report would look at SAMREC; they would then get to Clause 60 – "Reporting of diamond exploration results"; and they would see that they needed to look at the diamond guidelines. This would deal with the specific issues. This was put out to industry and came back to SAMREC where it became part of the Code. It was well-received because it had been discussed among all the industry

players; the senior and junior companies; the consultants, etc. Previously, a lot had been written specifically for the big companies. There was also interest in other precious stones complying with this. An entire range of people who would be writing such reports had been consulted. Mr Mullins added that it was fully incorporated in the JSE Readers' Panel deliberations. Ms de Bruyn confirmed that it took a couple of years to put the first codes together. The JSE fully accepted the Code and prescribed to it. There was a Readers' Panel (a panel of experts in their relevant fields) that read and vetted the documents before they went into the public domain. They were the gatekeepers on behalf of the JSE. This worked well for the JSE and put South Africa on par internationally; if not better in some cases.

Mr Lomborg asked what the mandate of SANS was and what area they were expecting to deal with. Mr Mouton responded that the first thing was that SABS did not initiate this. It was done on request. The second concept was that SAMREC was a standards organisation. SABS was the same thing that SAIMM was to SAMCODES. SABS were the administrators of Standards South Africa. Standards South Africa consisted of volunteers, work groups, etc. – very much the same way in which SSC was done. No standards went out without being reviewed by experts (volunteers). In his view, both SAMCODES and Standards South Africa were standards organisations.

Mr Mullins countered that SAMREC welcomed the details on how Standards South Africa worked, but requested that no assumptions be made on how SAMCODES worked.

Mr Mouton advised that there were different options when standards were developed. This guideline was made at the request of SAMREC, so that was how it was initiated. That was his understanding; that SAMREC wanted it. It was not a separate process from SAMREC; it was produced in coalition and was done by coal geology experts. His understanding was that SAMREC was not only coal geology experts.

Ms van Deventer reported that several discussions had been held in the SANS working group to clarify where misinterpretations or incorrect referencing of the SAMREC clauses were being used in their guideline. Further to that, if SANS did get to the defined terms – because SANS referenced SAMREC within the SANS guide – she believed that if there were any changes, SANS would only replace things like "mineral ore" with coal-specific terminology. SANS intention was not to not support or modify SAMREC; it was purely to use SAMREC in coal terminology and explain that to the user. Their belief was to keep the SANS guide as a separate entity, but SANS was not only catering for JSE and public reporting; it was catering for the national coal inventory and people reporting to ESKOM in terms of their contracts, i.e. a guideline with all the references in one document. She believed that splitting it out would not work. It should be one document going forward. The intention was always that SANS was doing work in conjunction with the SAMREC working group. This was the first time that they had been confronted with the idea that they were working independently. That was not the intention at all.

Ms Jeffrey advised that, regarding the diamond guidelines, the coal was done in exactly the same way. The process was similar and with exactly the same intention. There was no intention of the SANS working group being independent.

Mr Lomborg cautioned that SANS would have to have something that would work for the industry. SAMREC was bound by CRIRSCO and the definitions had to be exactly the same. The intention was not to be different. A way would have to be found to make it work between SANS and SAMREC in order for it to work for the industry. He suggested getting the strategy right and then work could start on the 'nuts and bolts'.

Dr Marshall asked whether it was more of a national standard or a guideline; or whether it was both. It was confirmed that it was a guideline. It was published as a standard

but it was used as a guideline. It gave the CP leeway to interpretation, as long as it stated what the interpretation was and how the CP had reached a specific conclusion.

Mr Mouton advised that the documents published by SABS were all called standards. The definition of a standard was more an agreement than a rule. Dr Marshall asked why it was done through SABS and not through SAMREC, like for diamonds. Ms van Deventer responded that there was a national coal inventory to see what the resources were and to try and align methods of publication or methods of determination to get an estimation. This required a guideline and there was also a need to publish a coal guideline under SAMREC. In 2011, the coal inventory was not a priority and it was decided to take this out so that all reporting was according to SAMREC standards. In retrospect, the last round of coal inventory reporting went horribly wrong because the guideline was not followed.

Mr Mullins asked how the SABS standards were enforced. Mr Mouton responded that there was not enough enforcement and that the SABS generated, published and sold the standards. Standards South Africa was the standards generating leg administered by SABS. The SABS also had another leg, which looked at certification, quality, etc. They took the standard and advised what should be applied to and SABS and other people checked this. The standard development process had nothing to do with the standard certification process.

Mr Lomborg observed that SANS was dependent upon SAMREC and SAMREC was dependent on the official organisations for any repercussions. This was agreed.

SABS did not produce legislation.

Ms de Bruyn advised that SAMREC could then decide whether it should reference SANS.

Mr Mullins advised that, as a standalone, a standard without SAMREC would have no governance or enforcement. Mr Mouton responded that only if there was a legal connection. In this connection, it would be via JSE or GSSA. There was no coal standard in South Africa that was currently referenced in formal legislation.

Ms van Deventer advised that the idea was that making it a standard through SABS would give it property and get a group of people to put it all together. She had spoken to the original chairman and asked him to find whatever he could from around that time. His recollection was that it was a SAMREC Committee who approached SABS.

In the new version, there had been a call to standardise the national coal inventory from the Government side. Mr Lomborg commented that that was not a SAMREC issue at all. The inventory of minerals was not SAMREC; it was about public reporting, investments and the commercial aspects.

Ms van Deventer believed it was a standard to assist whoever was using it to say they were using something that was officially published. She was unsure of the history.

Mr Lomborg advised that one of the important things was that the SAMREC approach seemed to be a sub-set of what SANS was. Part of SANS was textbook instructions on how to do things. SANS was something that had to be purchased, but SAMREC was freely available. From his experience, SANS documentation had been printed more than once and used illegally. Mr Mouton agreed that there were commercial routes to get SANS. Mr Lomborg reiterated that SAIMM/GSSA did that for free.

It was agreed that there could be negotiation with SABS on those issues. SAMREC had raised the issue of costs with SABS, who were working on this. A resolution would be

found for this aspect. The hope was that there could be focus on the technical issues and from the SANS side, the team was trying to make this work.

Mr Mullins asked whether it would be an option to separate out the public reporting side and put it in a guideline; and leave the laboratory standard as a true SABS standard.

Ms Jeffreys responded that this contradicted the aim of trying to put together one document that contained everything the CP would need to work with. If SABS needed to separate out from SAMREC, this could be done; but the idea was to make it easier for people to work with.

From the standards point of view, Mr Mouton advised that it would not be desirable to do this. Mr Lomborg added that there was already a double standard, with SAMREC on the one side and the standards on the other. Ms Jeffreys disagreed and advised that there were 13 clauses that referred to coal standards. SAMREC could not do the "how to" part and understanding how the mineral resource was derived and classified.

SAMREC was a compliance to confirm that something was being done according to a standard. It did not do all the "nuts and bolts" of how to do estimations.

Ms van Deventer did not understand how there could be a diamond guideline and not a coal guideline. She asked whether the guidelines only related to compliance; with a separate document on the "how to"? Mr Lomborg responded that the diamond guideline was the compliance issue, it was not the "how to" and it was not mixed up with inventory issues.

It was agreed that this could result in three documents.

Mr Mullins advised that there would be a split from the "how to" guideline and the compliance guideline.

Mr Lomborg confirmed that SAMREC could be fixed without going through a very formal and time-consuming process and did not need to be done through a committee. That was the advantage of having something outside of a formal process, i.e. no issues of version control.

Mr Mullins added SAMREC referred to SANS2004. Mr Lomborg advised that SANS referred to SAMREC 2016 and, as soon as SAMREC moved to a new version, SANS would be out of step. The CRIRSCO Codes were not Government-driven, the guidelines/requirements were driven by investment. It was a form of risk assessment. SAMREC worked with the JSE and had now become an industry standard to comply with SAMREC, which had a broader application than just the JSE.

Mr Mouton asked, if SAMREC was suggesting separating "how to's" and "how not to's", whether this would not result in double standards being applied by the investment community. Mr Lomborg responded that there were no "how to's" for items other than coal, i.e. gold and platinum, etc. CPs had to be able to defend themselves in front of their peers.

Mr Mouton added that the whole reason why there was a coal guideline was that it was not as easily applied as for gold. Mr Lomborg disagreed completely. Dr Marshall advised that, with respect to diamonds; when the diamond guidelines were written, these clauses were used and there was nothing in conflict. There was no conflict between the guidelines and the documents in the Companion Volume. It was up to the people writing the guidelines to ensure that everything was in step. She believed things should be no different in coal between "how to" and guidelines; it was just an expansion of how things were done.

Mr Mouton advised that, from the SANS working group's point of view, there was no difference. However, outsiders had advised that there was a difference. A concern raised around the "how to" was that people could claim to be SAMREC compliant, but have no knowledge of the "how to" book and not know that it had to be used; and thus, escape doing things properly. The example of a cored borehole was cited.

Mr Lomberg did not believe there was any disagreement about what needed to be achieved. SAMREC did not have the standards and nobody was taken to task. The same applied to SANS. It had been a request from the coal industry in the 90s to have this document.

Mr Mullins advised that things had changed and guidelines had to be developed for industry for today's world. One had to look not only at what was in SANS and what was incorporated with SAMREC; but also checking the things that had been left out. Mr Lomberg mentioned that currently at CRIRSCO, the Colombians put in "impartiality" as a guiding principle in their Code. The Brazilians and Colombians have CPs as having 10 years' industry experience, 5 years' relevant experience and 3 years' managerial experience.

Ms van Deventer went back to the original question, i.e. if SANS could ensure that the references to SAMREC were correct in the SANS document, whether it would be acceptable to SAMREC to publish the SANS guideline as a whole.

Mr Mullins responded that this would be with the caveat that it still had to go through the SSC Committee in terms of jurisdiction, copyright, training and selling. The SSC Committee would need to be satisfied with that.

Ms van Deventer asked whether it would be acceptable to have one guideline with the SANS "how to's" and the reference to SAMREC; if the clauses of referencing were correct. Mr Lomberg responded that the ISO requirements were different to those of SAMREC and that the SAMREC formatting standards had to be followed.

Mr Mullins added that SAMREC had a structure and part of that was the separation of definitions, codes and guidelines. That had not been followed through by SANS. When that structure was destroyed, the meaning was also changed and that generated confusion. Ms van Deventer believed this had been addressed.

It was felt that there was a need for a comprehensive coal guideline, irrespective from where it originated. There was a concern that, in the "how to" section of SANS, the "how to's" were actually scientifically and technically correct; readily applicable and usable. There were some issues with the latest version in that some of the "how to's" were misleading and incorrect.

Mr Lomberg responded that if everything was SAMREC-compliant, it should work. It was agreed that SANS would want to be in step with SAMREC. SAMREC input was required, whatever the outcome.

Mr Lomberg added that it would not be possible to meet the deadline of 05 July and that SAMREC would have to request that the deadline be extended for as long as necessary. Mr Mullins added that, because SAMREC was dealing with volunteers, setting unrealistic deadlines did not go down well. SAMREC needed the goodwill of its volunteers. Mr Lomberg suggested that a way be found to split it up, e.g. via chapters or terminology. SAMREC was aligned to do this, but SANS had to be realistic about how that happened. Mr Mullins stressed that it was more important to get it right.

All agreed that the definitions had to be corrected. If SANS then had to remove the compliance and reporting sections from the "how to's" after that, it would take even longer. It was suggested that perhaps that was not as important. It was suggested that the first step should be to get the definitions and references to SAMREC correct and then publish.

It was pointed out that it was a very daunting document to begin with. In general, it was agreed that SAMREC was good for coal. It was queried whether the technicalities should not be separate standards, i.e. a textbook.

Mr Lomborg cited examples of how the Australians had done this. One of the options was that, if it was separate, it could be published under SAIMM/GSSA as one of the monographs. Mr Mullins suggested it would be useful to have a strong conference on the back of whatever was published.

Mr Njowa advised that, from his understanding, it was a very useful guide and he did not believe it should be separate.

Ms de Bruyn commented that the question would be what was good for the industry. If a CP had to pick up three different documents, it made things very difficult. Mr Mullins responded that it was a "one stop shop", because everything was freely available on the website.

It was reported that the coal industry had asked for a "how to". The SANS working group would make all the changes. It was suggested that, instead of SANS quoting the SAMREC Code, it should just say: "Please refer to SAMREC", without mentioning the edition or clauses.

Ms Mathuray advised that the preference would be for one document, which would be more acceptable to CPs. The suggestion was to clean it up and to force the use of the SANS and SAMREC documents in conjunction.

Mr Lomborg pointed out that everything that came out of SAMREC that was not SANS would be an interpretation of SANS.

That would be where coal people did things a bit differently from what had been done for diamonds.

Mr Lomborg cautioned that care should be taken that the meaning did not shift in any way.

It was agreed that this would simplify matters and make the document smaller. However, only the five SANS people present could not make the decision on the mechanics of getting to that. Mr Mouton advised that the view of his other colleagues would have to be taken into account. It was asked whether SAMREC would still want SANS to quote those SAMREC clauses where these could logically fit in. Mr Lomborg confirmed this. Mr Mouton agreed; but added that it was important to comply with what the coal industry would want.

Mr Mullins confirmed that SAMREC operated by broad industry consensus and had been put in place to represent the industry. SAIMM/GSSA's total membership was about 8000 and they underpinned what SAMREC was doing. The SSC went back to industry on a regular basis to confirm that it operated according to what industry wanted. He suggested that the guidelines should be tested in industry as to what they wanted.

Mr Mouton added that one of the principles of standards was to have balanced representation. Standards South Africa sought everybody's opinion. Matters might be agreed in this meeting, but it was important to consider the other role players as well.

Mr Mullins responded that it was sometimes necessary to go back to the drawing board to ensure that everything was in sync with what the industry wanted.

Mr Lomborg added that there was broad consensus that SANS and SAMREC wanted the best thing for industry. There was some debate as to whether there should be one or several documents. The SANS Committee was to ensure that all the referencing of SAMREC was correct.

Mr Mullins' assistance was requested in pointing out the SAMREC clauses that were incorrect, as problems were still being experienced with the order and the structure.

Action: Matt Mullins

Mr Lomborg confirmed that this would not be done one clause at a time. There were two ways to do it: it could either be taken section by section, or people could be nominated to deal with certain sections.

Mr Mullins recommended sitting down and doing this face-to-face.

SANS offered to deal with the mechanics; but advised that it was very difficult to work with guesses and opinions, and that incorrect references would have to be identified.

Mr Lomborg recommended doing it chapter by chapter, delegating responsibility.

Mr Mullins confirmed that it was a complex process and that SANS had a different structure to SAMREC.

Mr Lomborg advised that there were eight chapters and that two or three people would be required to assist. He asked for volunteers for sections and then suggested appointing additional people on an *ad hoc* basis to assist.

Chapter 1: Scope	K Lomborg/T Flitton
Chapter 2:	K Lomborg/T Flitton
Chapter 3: Definitions	S Rupprecht/G Njowa/K van Deventer
Chapter 4:	S Mathuray/J Nel
Chapter 5: Resources & Reserves	
Chapter 6:	
Chapter 7:	
Chapter 8:	

Plan to go forward:

The project would be co-ordinated by Ms van Deventer.

Action: Karen van Deventer

Ms van Deventer agreed to send this out to other SANS members and give them a week to respond with their decision. She asked all participants to share any work that they had done.

Action: Karen van Deventer/All Members

Mr Lomborg summarised that the SANS Committee would have a meeting in the interim. Early in July, the SANS Committee would revert with a document stripped of the SAMREC references.

This would then be reviewed and split between members of the SAMREC Committee. Mr Mouton advised that this would have to follow the SANS process. It was advised that the Government reporting would still have to be considered.

In order to avoid ambiguity, Mr Mullins would send through his comments, as well as anyone else who had something to add.

Action: Matt Mullins

Mr Lomberg suggested that a monthly telecon or meeting should be held. He recommended meeting early in July to check progress and take it forward from there. Mr Lomberg added that if there were milestones, then people tended to do something.

Ms Jardine to ensure that the meeting facility could be used for 04 July 2018.

Action: Camielah Jardine

Mr Austin would be asked to make his edits and the document would be circulated.

Action: Mark Austin/Camielah Jardine

Ms van Deventer advised that if the response from SANS was negative, a sectional plan would be initiated to address each clause, do the edits and ensure that everything was aligned. At this stage, there were no volunteers for Chapters 5-8.

It was suggested that the structure of the report be left as is, but Mr Mullins advised that there were one or two simple structural changes needed.

Mr Lomberg thanked all members for their participation. Mr Mullins complimented participants for pulling together for what could be a very good success.

10. SAMCODES App

Mr Lomberg advised that Mr Austin and Ms Flitton had been involved in developing an app for all the SAMCODES. Mr Austin identified a developer and had held several meetings with him. The scope of the different aspects would be incorporated into the app. The cost was anticipated to be less than R20k and the app would be ready by September. Confirmation was still awaited around hosting and sustainability. Mr Mullins cautioned that it was unbudgeted and this would be cleared at the SSC meeting later in the afternoon. Mr Lomberg thanked Mr Austin and Ms Flitton for driving this initiative. Mr Mullins asked for details from the sub-committee on the app to show the SSC at the next meeting. Sponsorship would also be considered, but this was a bit tricky.

Action: Mark Austin/Tarryn Flitton

11. GENERAL

Mr Mouton asked all to review his circulated presentation in terms of the perception of SABS.

Action: All Members

12. CLOSING

Mr Lomberg thanked all participants for their input and closed the meeting.

KEY ACTION ITEMS

1. MATT MULLINS/KEN LOMBERG

Draft itinerary for visit of MRREC Chinese delegation to South Africa

2. MATT MULLINS

Point out incorrect SAMREC clauses in SANS document

3. KAREN VAN DEVENTER

Co-ordinate project to align SANS/SAMREC documents

4. KAREN VAN DEVENTER

Consult with SANS to obtain mandate on alignment of coal standards with SAMREC

5. ALL MEMBERS

Send K van Deventer any work done on the coal standards.

6. CAMIELAH JARDINE

Check availability of Carlow Road meeting room for 04 July and set up meeting

7. MARK AUSTIN

Circulate edits made on SANS document

8. MARK AUSTIN/TARRYN FLITTON

Provide details of SAMCODES app to M Mullins for presentation at next SSC meeting

9. ALL MEMBERS

Review H Mouton's presentation.