NOTES OF THE SAMOG COMMITTEE MEETING

HELD ON 26 AUGUST 2020 AT 14:00

VIA ZOOM

Present: **Mr P Dekker (Chairman)**
Mr A Clay
Ms A de Bruyn
Mr S Davids
Dr T Marshall
Ms T Orford
Mr M Tosdevin

Apologies:

In Attendance: **Ms T Letlhaku (SAIMM)**

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1. WELCOME

The Chairman welcomed everyone to the meeting and shared the agenda. Mr Clay advised that he would like to raise the general status of the South African Oil and Gas Code. He believed that it fitted in with much of the comment he had read from Mr Tosdevin; and the extent to which way, with the Exchange, it could continue to provide a South Africa-specific Code and also a note on what SEC was doing a simple recognition of PRMS. It was agreed that that would be discussed under 'General'.

2. CONFIRMATION OF MINUTES OF MEETING DATED 25 FEBRUARY 2020

The minutes of the meeting held on 25 February 2020 were taken as being a true reflection of proceedings, subject to the following amendment:

On Page 4, under Point 5 – the second paragraph should read: *"Mr Tosdevin advised that the same question was raised when the **SEC** did its regulation modernisation in 2010".*

Mr Dekker recommended that, for the sake of accuracy, it was recommended that abbreviations be spoken out in full, i.e. Securities & Exchange Commission.

The minutes were proposed by Mr Clay and seconded by Ms Orford.

3. KEY ACTION ITEMS FROM THE PREVIOUS MINUTES

3.1 Helium

Dr Marshall confirmed that she had taken the issue of Helium reporting to the SSC for consultation. She advised that no much had come of out of that, other than that gas fell directly under the SAMOG Group.

Mr Dekker had contacted Mr Craig Burns on various matters and one of the things discussed was Helium. He advised that under NI NI51.101, Helium was not reported in disclosure, but it was allowed to be taken into account in the evaluation. It was agreed that SAMOG would like to report on it, because it was quite important in South Africa and was quite valuable. He advised that this would be discussed in depth further in the meeting.

Mr Clay believed it would be useful to find out what the US did, perhaps through the SEC (Brian Groff) because, up until recently, America was the biggest producer of Helium from the Yellowstone National Park. Mr Dekker advised that this would be taken out as an action point but, from what he had seen on the Internet, it was reported completely separately. It was not reported under Hydrocarbons (because it was not a Hydrocarbon), just as steam was not reported under Hydrocarbons. It was used in the valuation and evaluation as part of the entire economics, because it came out with the Hydrocarbons, but it was not separately reported. For South Africa, it might be important to report it separately.

Mr Clay suggested separate reporting was good, but the mechanism to calculate the volumes and estimate the volumes were essentially consistent with PRMS. Mr Dekker agreed. Mr Clay believed SAMOG needed to get AAPG and SPE to pull in behind this and he thought they already did. It would be easy to ask Jeff Aldrich on the AAPG.

Mr Dekker added that PRMS was very clear that one did not report on the volumes of Helium, but the value of Helium was used in economics to determine what was commercial and what was not commercial. It was agreed to discuss this with Mr Aldrich.

Mr Tosdevin asked whether Helium was produced when it was not associated with Hydrocarbons. Mr Dekker had not heard of this anywhere and advised that Helium was always a very slight product of mostly methane, although he was not 100% sure. Mr Clay advised that this could easily be checked because, as far as he knew, the Yellowstone National Park Helium came from steam. Mr Tosdevin questioned that it was not actually that Helium was considered as a product type, it was whether SAMOG would then consider production of Helium, even associated with steam, as an Oil & Gas activity.

Mr Dekker shared an e-mail that he had send to Mr Burns in response to the question as to how one would treat Helium production (and Sulphur production) in NI NI51.101. According to the PRMS, Helium and Sulphur were not hydrocarbons and were not reported under the PRMS, although the value of their sales were permitted to be added to the cash flow.

Mr Burns responded that neither Helium nor Sulphur were considered product types under Section 1.1 of NI NI51.101 and therefore reserves and future net revenue were not discussed for them under Item 2.1 of Form NI51.101F1. However, the COGE Handbook allowed the evaluation of these and the attribution of reserves. So, that could be included in the evaluation; just not in the disclosures. The rationale for this was similar to the reasoning used in response 2. Neither were product types, so their pursuit would not mean engagement in Oil & Gas activities and NI 51.1.1 did not apply.

The Chairman suggested that this point be deferred to the SAMOG discussion later in the meeting. Mr Clay believed Mr Burns' statement to be very old fashioned and completely obsolete, as the industry dealt with by-products all the time now.

Mr Tosdevin believed that including a value was completely acceptable and logical, but whether one actually disclosed it as a reserve was the crux. Mr Clay asked how the value could be calculated if one did not know the volumes. Mr Tosdevin responded that one would have to do all the analysis to determine the revenue stream, but if it was associated with Hydrocarbon – even if it was a high proportion – it would just be included as a revenue stream and offset to costs. Mr Clay agreed and it was just a percentage. Mr Tosdevin believed the fundamental question which SP did not allow; was whether one would include it as a reserve. Mr Dekker responded that that was difficult, as for Renergen, the main value was not in the Methane that was produced, the main value was in the Helium they produced. If they did not include those reserves, how would the investor know what to expect coming out of the ground? It was not the Hydrocarbon reserves, but the Helium reserves. Under SAMOG it was not an Oil & Gas product, so where would Renergen disclose the reserves of Helium? If it was not under SAMOG, under which Code would it be disclosed? That was the million-dollar question which required answering. Mr Clay believed it would find a home with PRMS.

3.2 Competence and responsibilities regarding qualified evaluators

Mr Dekker was to follow up with ASC the question of competence and responsibilities regarding qualified evaluators.

3.3 Revised draft of SAMOG Code

Mr Dekker was to send out the revised draft of the SAMOG Code to all participants, including comments received from Mr Tosdevin.

3.4 Annual Report requirements

Mr Dekker advised that he had not discussed the annual report requirements with Ms de Bruyn in detail and the JSE was still working on whether there should be annual reporting requirements or not. Ms de Bruyn advised that this had come up again recently and it was something that should be discussed once the focus of the Committee was not taken up with updating the Code. This would be for listed entities. Mr Dekker agreed and he believed the investor would benefit from annual reporting.

3.5 Proposed changes to the Terms of Reference

Mr Dekker advised that members had sent through their proposed changes to the Terms of Reference. The Terms of Reference had been discussed and approved. Dr Marshall added that a few of the changes and recommendations had been implemented and she thanked everyone for their input.

3.6 Postponement of SAMOG Course

Dr Marshall confirmed that delegates had been informed of the postponement of the SAMOG Course.

Mr Dekker requested that the two outstanding actions (Helium and Annual Reporting) be carried over to the next meeting.

ACTION: Ms Letlhaku

4. DISCUSSION ON INDEPENDENCE OF A QRE

Ms de Bruyn advised that the independence of the CP specifically was something that came up from time to time in discussions within the JSE. Over the years, when the SAMCODES were implemented, independence was discussed and the conclusion at that time was that a lot of the competency sat within the listed entities and therefore it would be extremely difficult to comply with an independent CP providing the CPR.

From a JSE perspective, all the advisers and agents of the issuer were sort of independent, e.g. auditors, sponsors, etc. but yet there were no independent CPs. About 6-8 months ago, it was decided to test the market and the idea was to test it with these working groups first before taking it to the broader group, just to get a view of the feelings on the JSE's suggestions of an independent expert (QRE) providing the report.

There were obviously two distinct sections. The one was when a company came for a new listing or when there was a major transaction, e.g. buying or selling an asset, in which case the JSE insisted on a QRE report on that asset. The JSE had seen that, in the solid minerals, a lot of the CPRs on listings, and specifically on transactions, were usually done by independent CPs. Having said that, the ongoing requirements, e.g. annual disclosures, were mostly signed off by internal CPs.

In terms of independence, the JSE was looking at people who were not employees of the issuer; the sign-off could not be controlled by the issuer or control the issuer; and the fee for preparing the report could not depend on the success of the report. The JSE's perspective was that the report must be signed off by an independent individual or firm, but then also having a couple of guidelines as to what the JSE regarded as independence.

Ms de Bruyn invited comment from the floor.

Mr Tosdevin advised that the question of independence had not found favour when the SEC when it was reviewing its guidelines. He believed it was right to separate things like initial listings or major transactions from other disclosures. That made a big difference. It might be necessary to define 'routine' issues for which one did not need an independent valuator and that would make it a lot easier to say that independence was required for non-routine transactions. The whole point of a QRE was that the person was supposed to be independent thinking, even if not employed by the issuer. Provided the QRE threshold was tested, then he did not think it was a big exposure. If it was done for just initial listing, he did not think it would be a problem.

Mr Clay agreed with those sentiments.

Mr Dekker suggested that there was a third consideration. There was the initial listing; the transaction and the routine/annual reporting. Most oil companies had annual reporting on their reserves (not necessarily on their value) for which they usually got an independent auditor coming in to take some different assets to review and audit, to check whether they were also line with their independent view of the volumes. He mentioned a book called "Shell Shock" which said that in 2004, Shell had overstated their reserves by 3,9 billion barrels, which was significant, and it had to do with oil prices. At $25/barrel, at least 2,5 million barrels a day of global oil production became uneconomic. That was where the independence of the QRE was very important. He suggested that it was perhaps even more important to have independence for routine reporting.

Mr Tosdevin was not saying it was more important; he was considering it from an issuer's point of view, as to whether it was feasible. It was not uncommon for parties to get independent reviews on a portion of the reserves. Typically, those reviewers would have at most a month to do their reviews. He cautioned that annual reports could become very superficial.

Mr Clay believed it was an important point that the annual report, even if it was done by an independent, was becoming more superficial because that had been the same problem with auditors who had to be independent and, when it was a big company, the extent to which they could apply their minds in a meaningful way and demonstrate that was not just superficial; it became increasingly difficult. He did not believe it was extremely helpful to the extent that if the independent auditor came in it was more superficial. That was not helpful.

Mr Tosdevin continued that the best way to give the investor better information was that the requirement for an internal QRE be beefed up in some way.

Mr Clay believed that the time to be concerned about these matters was when there was commodity price volatility and that was right across the board. The market was very sensitive but investors were reliant on the company who knew the market best.

Mr Tosdevin advised that the fine that Shell had had to pay had transformed their international processes. He was not sure whether Shell had to go external or whether it had to improve its processes.

Mr Dekker noted that there was always an external auditor coming in to check the samples. This was good for big companies, but some of the companies listing with the JSE would be smaller BEE companies who needed to get finance for projects offshore and for exploration. They would go to the Stock Exchange to see if they could get finance. As a small company, an individual report would be advisable. There were certain companies where it would be required and other companies where it would be required less.

Mr Clay mentioned that Ms de Bruyn was looking for guidance from SAMOG, but ultimately the JSE was the regulator and she could make the decision on whether there should be independence. SAMOG was looking at whether it was helpful or not and the overriding problem with all of this was that it became over-regulated. That was his concern. The guidelines he would suggest was to follow what the 'big guys' were doing. So, if the Alberta Exchange and the SEC were insisting on independence, then why should the JSE not go the same route? There would be two camps. Clearly it would be good if it was independent but, equally, there would be cases where it was not so good.

Ms de Bruyn advised that for a new listing and a transaction, it seemed that independence was not a major train smash and, based on the fact that there were on ongoing requirements yet, she suggested that maybe the issue of independence should be put on hold for the ongoing requirements as far as this Committee was concerned and, once the ongoing requirements were established, independence could be considered at that point in time. Consideration would also have to be given as to whether to have the experience in the company or to insist on a review by a QRE auditor or firm. When the Code was put together, the issue of independent auditors had been considered because, in terms of the Alberta Exchange, they insisted on an annual audit; or maybe it was PRMS who had the independent auditor do the audit. It had been decided to remove that because there was sufficient expertise in the country. The JSE could not insist on something that would be so costly that it would chase away all the companies and especially as there was not the expertise.

Mr Clay conceded that that was probably correct, but the parallel universe of SAMREC had also been considered. SAMREC refused whole-heartedly anything about independence by the industry. SAMOG felt that it did not want to be out of kilter with SAMREC.

Mr Dekker was fully aware that the industry did not have the expertise in the country, but in the oil industry, this had never been an issue, because in the industry it did not matter where you were as you had enough expertise around. Like Renergen; they made use of foreign companies and this was also happening in South Africa. Some of the companies did this already and SASOL had a contractor but did not disclose.

In summary, Mr Dekker hoped that Ms de Bruyn had enough guidance from the SAMOG side. Ms de Bruyn thanked all members for their contribution.

5. AAPG INITIATIVE FOR A BOARD-CERTIFIED GEOSCIENTIST

Mr Dekker informed the meeting that the AAPG – and particularly the Department of Professional Affairs – had just initiated a new system to get the Board-Certified Geoscientist. They had Certified Geoscientists in the past. To be a Certified Geoscientist, a person needed to get three or other Certified Geoscientists to confirm that they were a Geoscientist, holding up the ethics, and experienced enough to do the work they were doing. An individual could become a Certified Geoscientists if they did more than 20 hours of additional training per year, but it was not really recognised worldwide.

The AAPG had just started a whole new initiative, with an exam, to ensure that every Board-Certified Geoscientist had the minimum level of geoscientific knowledge to be a Board-Certified Geoscientist. There would be an annual training commitment as well. This was not really a Reserve Evaluator thing. Parallel to this, under the Board-Certified Geoscientists, they wanted people to be certified as a Reserve Evaluator as well.

Mr Dekker believed it was of interest to SAMOG to know what was going on at AAPG, especially as they were one of the organisations recognised as being a professional organisation. Their aim was, other than the American Certified Geoscientists and the Association of London Certified Geoscientists, to have another one that was recognised worldwide. The idea was to have it all sorted out by June 2021.

Mr Dekker offered to provide more information for anyone who was interested.

6. MEMBERSHIP OF THE SAMOG COMMITTEE

The Chairman advised that the current SAMOG Committee was made up of the following members:

Andy Clay, Annelie de Bruyn, Revelation, David Elliott, John Etherington, Muvas, Mike Tosdevin, Sean Davids and Tarryn Orford.

He advised that Messrs Elliott and Etherington had advised that they were no longer actively involved with SAMOG, due to health reasons, although they would still be available for any consultation or advice. Muvas had been very inactive as a member and the Chairman was unsure whether these people should be kept on as members; or whether new members should rather be recruited. Mr Tosdevin added that he had not heard from Muvas for a long time either, but he knew that she was now with Bulk Chemicals, so it was perhaps not appropriate to continue her membership on the Committee.

From Mr Clay’s perspective, he advised that the one imperative at the initial start of SAMOG was to have a broad-based Committee and representation from industry, etc. and hence the reason why Messrs Etherington and Elliott came on board. He recommended asking Jeff Aldrich, who was the Senior President at the AAPG and was familiar with South Africa and very positively inclined towards SAMOG and also in the mix. Getting him on board would be beneficial to the Committee. He also thought that, pending his comments at the end of this meeting about keeping a link with the Alberta Securities Commission, he believed SAMOG should ask them for someone who was very industry-focussed and with the right credentials in Code writing and someone who had the time and experience of looking at the UN framework system, etc. He believed it was necessary to have some international representation.

The Chairman agreed and, in principle, he would not have had any issue with Mr Aldrich, had he not been the person who wrote some very nasty comments after the first review of the Renergen material. He asked whether Mr Aldrich was compromised in what SAMOG had done and how this was set up.

Mr Clay believed Mr Aldrich was a reasonable person and found him very open. He believed he was certainly in the right position. Mr Dekker had no problem with Mr Aldrich and was happy to ask him whether he wished to become a member; and he would also see if the ASC knew of a suitable person. He invited other views from the floor.

Ms de Bruyn asked whether consideration should be given to getting somebody from Renergen to join the Committee. Mr Clay advised that Nick Mitchell was now the Chairman of ONPASA and that he would also be a good candidate. Another suggestion was Ms Lizel Oberholzer who represented OPASA. Mr Dekker advise that she was sometimes called into meetings at OPASA, but she was mainly dealing with the UPRDA and the MPRDA on matters from the oil and gas side. She did not know a lot about oil and gas and the reserve bookings, etc., but she was a lawyer. He asked for the views of the Committee.

Mr Tosdevin responded that he did not really know any of the people being discussed, but he advised that Mr Aldrich would be out of his consideration. There were a number of other consultancies that were quite active in reserves, e.g. Domain, and he suggested Daphne Klein or Ryder Scott.

Mr Clay noted that he would hate SAMOG to go down the road where it was not truly trying to attract people in the industry who were knowledgeable and had a broader-based influence. He believed someone like Jeff Aldrich sat in a very influential position in AAPG and he had a special interest in Code writing and would definitely get his vote. Mr Dekker had held a few meetings with Mr Aldrich in the DPA and advised that his knowledge would be for the Committee and not for the Readers' Panel. Mr Clay was still the Chair of the Readers' Panel and he would have to bear this in mind; that the two were different.

Ms de Bruyn was asked for her recommendations regarding the Committee. Mr Nick Mitchell's name was also suggested. Ms de Bruyn suggested inviting all of the people mentioned onto the Committee. Dr Marshall asked whether there was anybody from some of the smaller companies; perhaps some of the Black empowerment companies who may be of use to the Committee. Mr Dekker advised that he had recently been dealing with an up-and-coming BEE company, IMbokodo. Their Chairman was a very interesting person and he could also be invited. Mr Clay added that this had been tried in the past, e.g. Willem de Meyer from SacOil. There was also Bradley Seeff from the same organisation and Mr Clay advised that they came and went and provided little input. A further potential candidate mentioned was Mr Paul Tromp from Bodima.

Mr Tosdevin asked if there were any people from companies in neighbouring countries who might be of interest. Ms de Bruyn asked about the Nigerian company, Ohanda.

Mr Davids proposed Mr Sean Lunn as a member of the SAMOG Committee. Mr Lunn was with iMbokodo E&P and was also the Chair of OPASA.

Mr Dekker thanked members for their ideas and he would revert to the meeting on this.

ACTION: Mr Dekker

7. APPROVAL OF THE NEW DRAFT SAMOG CODE

Ms de Bruyn had highlighted that if the Committee wanted to change the SAMOG Code, it would be necessary to have the entire Code marked with track changes and then invite public participation on it. He thanked Mr Tosdevin for his work on the Code. Much of the changes was around semantics and these changes had been marked up in yellow. The orange markings related to more serious changes. Discussion was invited on the changes highlighted in orange.

Mr Clay advised that there was an implication, in the comments that had been made through the Code, about the policies, philosophies and principles of having the separate Code. Given that it was such a small community, if there was any suggestion that PRMS reporting should be recognised more broadly as a process and almost minimise the extent to which the SAMOG Code was the overarching reporting standard, he asked whether he was on the right track. Mr Tosdevin responded that there was a question regarding - where SAMOG wanted to be more specific or maybe diverge slightly from industry standards - why it was doing so. It had been difficult for SAMOG to get industry to adhere to the Code and it had not prevailed. As SAMOG had put in tremendous effort in putting the Code together; putting it out for public consultation about changes; and having it published, then it should really be enforced and he asked whether SAMOG was ready for this.

Mr Clay advised that the original intention was to prepare a companion Code to SAMREC and SAMVAL, but for Oil and Gas. When it was decided to go to NI51.101, it was simply because Mr Clay had become quite familiar with 43.101 and thought it was a good way of doing things in a prescribed manner. SAMOG linked to ASC for that purpose. What had happened since then was that the general trend of Stock Exchanges was to say: 'Please adopt PRMS, because it was generally accepted, and do what you need to do under there'. What SAMOG did was to be far more prescriptive in that process, like 43.101.

Ms de Bruyn was asked to share the JSE's perspective. She advised that it was difficult to say whether it was too prescribed, as she had not received that complaint. There was a broader concern amongst companies in terms of using the South African Codes, not necessarily this Code. There was a general tendency to focus on other international Codes instead of trying to comply with the South African Code. She certainly had not had complaints that this Code was too prescriptive. By bring prescribed, maybe SAMOG opened itself up for the kind of debate and push back that had been received when the report was reviewed by the listed entities.

Mr Clay responded that it was identical to NI51.101 and he thought Mr Tosdevin's comments were very insightful as to how he had read this and he felt that the ASC should be revisited to say that SAMOG had been in existence for over five years and to ask how SAMOG could continue to say that it had the companion Code, or should it be opened up to say that as long as you were preparing reports that were in accordance with PRMS, SAMOG would no longer dictate how people would write this.

Mr Dekker had held two discussions with Ms de Bruyn and she advised that SAMOG was still linked to ASC and did not move away from NI51.101. The question was how valid the conditions under NI51.101 were for the African environment. The NI51.101 had developed as well since SAMOG had started using it.

He quoted the issue about *'fair market value'*. In the original document used in 2005, they had apparently added the terminology *'fair market value'*. This section was last amended in 2007 when the section referred to *'fair value'*; so they changed things in their Code as well since it was issued because they realised it was not so applicable any more.

Regarding the Oil and Gas activities, under Section (i)(D), the wording is *'the production of synthetic crude oil and synthetic gas'*. In essence, 'the production of synthetic crude oil and synthetic gas' was a repetition of what was stated further above, because synthetic crude oil and synthetic gas were product types. He did not understand why this had been mentioned separately. It was very important to get these types of improvements Code in order to make it clearer and more readable.

Mr Clay noted that on top of which, if SAMOG did not have a Code for reporting of some kind, then it was a problem. One could almost get rid of it and say that in future the industry should comply with NI51.101 or PRMS, or whatever. Mr Dekker noted that PRMS could not be used, because it clearly stated that it did not replace the reporting requirements from the various security exchanges. The industry needed to have a Code, but such a Code had to be succinct and valid for South Africa.

Mr Clay asked which Exchange had the easiest listing requirements to guide users into a reporting standard. Mr Dekker was satisfied with this as a basis, but he believed that there were differences in requirements between Canada, London, Australia and South Africa. The guideline from NI51.101 could be used; but would need to deliberately leave things out to suit South Africa. Ms de Bruyn responded that, in her mind, Oil & Gas should be Oil & Gas; and she understood that Helium would perhaps not be covered in the Canadian side because they did not have this in Canada. In that perspective, she could understand, but she was not sure that the disclosure of Oil & Gas should be different depending on the country that one found oneself in. Mr Dekker advised that it was the PRMS that was dealing with quantities and that was the kind of standard accepted worldwide. If one went to the United States (SEC), they had completely different ways on how one had to calculate a value according to the US requirements, which were different to those in Canada. The SEC and Canada were not the same and the US had changed some of the rulings. Ms de Bruyn agreed, but she thought Mr Dekker had been talking about synthetic oil and synthetic gas being a resource or a reserve. Different countries had different requirements and different valuation methods, maybe because some use exclusive and inclusive, etc., but Oil & Gas was Oil & Gas.

Mr Tosdevin agreed with Ms de Bruyn. In the technical domain it was the same and that was where PRMS was really applicable everywhere. At SEC, NI51.101 tried to bridge the gap between the technical approach – which was common everywhere – and the stock exchange requirements, which were different everywhere. Therefore, SAMOG was trying to marry PRMS with JSE requirements and therefore there was a need to be a bit tailored to what the JSE was looking for. He also agreed that NI51.101 may have been a great starting Code for SAMOG, but it may be necessary to now break from it. It was the initial version and now it should be refined to satisfy local requirements and that would also help with keeping track of the NI51.101 changes which no longer apply. He thought that it was the issue behind moving NI51.101 from the actual SAMOG Code itself as well. It did not change the fact that the Code was largely based on NI51.101, but SAMOG would no longer be tied to it. He believed it was a good starting point and he did not think anything fundamental should be changed. He also did not believe it would be particularly onerous in terms of workload. He felt quite confident about trying to make it a bit more user-friendly and a bit clearer to read. The one specific was that he did not have a conceptual problem with including Helium itself as a product either.

Mr Dekker clarified to Ms de Bruyn why Section (D) had been included under (C). Mr Tosdevin's suggestion was to just keep (D), because © was an activity necessary to carry out production, it was not the actual production. Mr Clay agreed. Sections (A), (B) and (C) were basically the foundation for (D), so his suggestion was different. He believed (D) should read: *'the production of product types'* and the product types included Synthetic Oil, Synthetic Gas and Helium. All the products listed under 'Product Types' should fall under (D), not only Synthetic Oil and Synthetic Gas.

On Page 4, under 'Public Reporting', Mr Tosdevin believed it seemed unlikely that website postings would follow the ruling prescribed by Form A. He asked there that was intended. He commented that maybe the intention was to eliminate postings of this information on websites. For those reading the detail and wishing to comply with it, the practicality meant that website postings would not include this information.

Mr Clay indicated that this was a difficult topic and that the same problem had been experienced in AusIMM. They had put a surveillance process in place and were picking up and checking to see that the requirements were met. It almost 'muzzled' any freedom of expression. At the same time, one did not want reporting to be misleading. He believed that SAMOG should not be the policemen.

Ms de Bruyn responded that the idea with the public reporting was that it was more than just JSE entities complying with the Code. Certainly, from the JSE perspective, if it came to their attention that a company had put resource and reserve information on the website that was not SAMCODE compliant, the JSE would definitely take this up. There was no searching on websites to see if there were any resource and reserve disclosures that were not complying with the Codes, because that would be a nightmare and would be far too onerous. She would not want it to be removed from the Code, although the JSE did not have a specific requirement that dealt with this. There was a requirement that, if it was price-sensitive information, then it had to be posted on?.

Mr Tosdevin raised a query around technical papers and Mr Clay believed that was a tricky situation.

Dr Marshall advised that one of the points that came up in a recent SAMREC discussion on this was that many of these things probably referred more to being in compliance with the principles of the Codes, as well as comply with terminologies. So, if one used something like a 'resource' or a 'reserve' on a website posting or a public presentation, it would have to mean what the SAMCODES said it meant; it could not just be some term that had been pulled out of the air.

Mr Dekker quoted the example of Total and the drilling off the South Coast, where information had been put on LinkedIn (which was also public) and the Ministers had also been talking about it. This was not according to SAMCODES and Total and Africa Energy were not listed on the Stock Exchange; but the information was flying around on LinkedIn. He asked how this should be dealt with, as it was quite possible that a listed company could also become involved with this particular venture in the future. Ms de Bruyn responded that one thing that needed to be understood was that the Code did not have any value unless some entity like the JSE made it a requirement from a listed entity perspective or, like SAMREC and SAMVAL, the actual SAIMM and GSSA made it a requirement for their members to comply wit the Code. Without that, the Code was just a code and no-one would necessarily comply with it unless there was a ruling that enforced compliance.

Mr Dekker suggested that perhaps the wording should be that if a company was listed with the JSE, and they were complying with the Code, then all public statements – including online – had to comply with the Code unless it was stated that such information was not Code-compliant.

Ms de Bruyn advised that Section 12 of the listing requirements dealt specifically with when one had to comply with the SAMOG Code, i.e. new listings, Stage 1 transactions and, going forward, ongoing requirements would also be made in terms of this Code.

Mr Tosdevin was going to suggest something different, i.e. that if an entity was subject to SAMOG through its listing and it wanted to disclose some numbers on its website, then it had to either ensure it was compliant or specifically state that the information was not compliant when that was the case.

Mr Tosdevin was requested to draft the correct wording in this regard.

ACTION: Mr Tosdevin

It was also suggested that the Code required some re-arranging. Mr Clay was asked why certain sections had been left blank, e.g. Point 5.5. Mr Clay responded that it was meant specifically to keep the content and the numeration exactly the same as NI51.101. Once the issues had been clearly identified, he believed the matter should be raised with Mr Craig Burns to get his comments. As senior regulators, ASC might provide some more clarity to the items under discussion.

It was suggested that Mr Tosdevin redraft the document and that this then be discussed further with Mr Burns. Ms de Bruyn believed that the Code, in its present form, had already moved away slightly from the template and hence there were blanks. She suggested that SAMOG should not have a complete duplicate of NI51.101 and Mr Burns understood that. From her point of view, she did not believe it was necessary to ask Mr Burns if we could move away; SAMOG should be more assertive and change the Code and then send Mr Burns the draft for comment regarding possible regulatory gaps, etc. Mr Clay advised that industry acceptance counted more than anything.

Ms de Bruyn recommended a further meeting be set up to discuss the detailed changes. The Chairman requested Mr Tosdevin to prepare a draft of the suggested changes and then set up a meeting to discuss this further. Mr Tosdevin agreed and Dr Marshall undertook to liaise with Ms Moolla to send him the Word version from the SSC files.

ACTION: Mr Tosdevin and Dr Marshall

8. ANY OTHER BUSINESS

Mr Clay suggested that the SAMOG Committee should have a Mission Statement. The presentation that he had sent to Mr Dekker should be shared with the Committee Members

ACTION: Mr Clay

9. CLOSING

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

KEY ACTION ITEMS
1. GUGU LETHAKU/CAMIELAH JARDINE
Carry agenda topics of Helium and Annual Reporting over to next SAMOG meeting
2. PETER DEKKER
Revert to Committee regarding new members of SAMOG.
3. MIKE TOSDEVIN
Prepare draft of SAMOG Code with correct wording as discussed
4. TANIA MARSHALL
Ask Sam Moolla to send Mr Tosdevin the Word version of the SAMOG Code from the SSC files.
5. ANDY CLAY
Share presentation that had been sent to Mr Dekker with other Committee members. Course.