

SAMOG Committee Meeting Minutes

Date of Meeting	20 July 2023	Time				
Chaired by:	Peter Dekker	Location	Zoom			
Minutes prepared by:	Camielah Jardine					
<p>Present:</p> <table> <tr> <td>Peter Dekker Chair</td> <td>Jeff Aldrich Annalie de Bruyn Andy Clay</td> <td>Sean Davids Siobhan Joubert</td> </tr> </table> <p>SAIMM Secretariat: Camielah Jardine</p> <p>Apologies: Mike Tosdevin Zakaria Rashid Shane Hattingh</p>				Peter Dekker Chair	Jeff Aldrich Annalie de Bruyn Andy Clay	Sean Davids Siobhan Joubert
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Topic	Discussion					
1. Welcome	Peter Dekker welcomed everyone to the meeting.					
2. Minutes of previous meeting	<p>Updated April 2023 minutes Proposed: Andy Clay Seconded: Sean Davids</p> <p>11 May 2023 minutes Proposed: Andy Clay Seconded: Jeff Aldrich</p>					
3. Action items from previous meeting	<p>Ms de Bruyn believed that the disclosure of ESG aspects should be minimal. She did not see the need for having specific information on ESG and she would discuss this with the SAMESG Committee.</p> <p>Mr Aldrich advised that really centred only with reserves and resources, because it only dealt with how it impacted the materiality and how it got into the economics of the product. Resources were not categorised. That was where it came into play and in the PRMS they had always considered the ESG aspects as a requirement that had to be met when it came to the economic evaluation, pointing to the various places that already existed in the PRMS. It was non-prescriptive because each level had different codes that needed to be met and those could change from time to time. From the SAMOG perspective, this was already in PRMS and nothing additional needed to be included.</p> <p>Mr Dekker advised that the only issue was that if the SEC started putting stipulations in there, care would have to be taken that what was put in minerals was in line with what was in SAMOG.</p> <p>Mr Clay added that being in an auditing field, there was a big focus of attention on what auditors did and how they validated, verified, and</p>					

	<p>reviewed a lot of things. Obviously, ESG work was primarily included because it was generally the liability. Guidance needed to be taken on what they wanted, because they were also discussing how they were going to tackle this and what the duties and responsibilities of an auditor was when doing his work.</p> <p>Ms de Bruyn suggested that maybe what SAMOG should do is to do some of what PRMS says about ESG and then this could just be kept in mind; or the SSC should be advised that this was what PRMS say and SAMOG did not have any control over PRMS, so SAMOG could not contradict PRMS because that was the basis of the SAMOG Code. In addition, this was a global view, not a parochial view. From an international perspective, CRIRSCO was coming up with certain definitions for E, S and G and that would find its way into the SAMESG Guideline and will then eventually find its way into the other Codes. She believed that care should be taken that the definitions were aligned and did not contradict one another.</p> <p>Mr Clay believed they should go ahead and do that, provided SAMOG had the watching brief.</p> <p>Ms de Bruyn asked Mr Aldrich to send her the latest section. Action: Jeff Aldrich</p> <p>The issue of looking at aggregation was a work in progress.</p> <p>A copy of Mr Clay’s PowerPoint presentation on instructions to members had been sent out. His changes regarding relevant dates would be discussed during this meeting.</p> <p>Regarding checking Item 3 against NI51-101 and PRMS, this would be discussed during this meeting.</p> <p>Regarding checking Point 2 under Item 5 – Contingent resources or prospective resources against NI51-101 and Alberta S/E and then preparing a list of bullet points for Peter Dekker, Mr Clay advised that he had contacted Craig Burns, who said he was available on certain dates but the meeting had not taken place. Ms de Bruyn would reach out to Mr Burns and try to set up a new date. Mr Clay had spoken to Dave Elliott and then did a table of comparisons regarding the differences between COGEH and PRMS. That had been sent to everybody.</p>
<p>4. SAMOG Code Update</p>	<p>Mr Dekker advised that he had been asked to put in something on hydrocarbons. He shared his input:</p> <p>iii) In respect of non-hydrocarbon types, it is advised to refer to the SPE section on: Estimation of PRMS principles to non-hydrocarbon/non-traditional situations:</p> <p>(https://www.spe.org/en/industry/reserves/non-hydrocarbons).</p> <p>This reference dealt with:</p> <ul style="list-style-type: none"> A. Gaseous extraction <ul style="list-style-type: none"> a. Carbon dioxide

- b. Helium
- c. Hydrogen
- B. Solutions extraction
- C. Geothermal water/heat sources
- D. Synthetic gas production

He invited comments from the floor. Mr Aldrich believed this was great. Mr Clay was asked to engage with Mr Matt Mullins around the issue of dealing with brines. A very fruitful conversation had taken place and Mr Mullins had essentially agreed that not taking into account oil and gas technologies to ?? liquids was inappropriate but they did not decide to make it specific from a South African perspective, because effectively here were no brines here. He outlined details of what had been discussed with Mr Mullins and believed it should be left at that.

It was confirmed that the table had been in Part 3, as had previously been discussed. Some discussion followed on commercial and sub-commercial.

Under Point 5.3 Reserves and Resource Classification, it was agreed to include (3) Categories as defined by PRMS should be shown separately and not be aggregated.

Some discussion followed under the Oil & Gas working document, SAMOG Instructions. The PRMS was the evaluation of resources and the valuation was guided by the SAMOG Code. Mr Clay asked what changes meant. Mr Dekker believed that reserve estimation dates were only done once a year and that could be done in November and a report could be issued in March, but in the report, it should also stipulate what the projected difference would be from December to March.

Mr Aldrich advised that one needed an execution date for reserve evaluators to say that they were not looking for any date from this point forward. Anything that happened after the effective date was not included in the report. The report date could be later.

Mr Clay had put in some bullet points around reserve estimation date, valuation dates, effective dates, and report dates. Mr Aldrich disagreed and provided some examples. Mr Clay advises that accounting firms had a point in time and, at that point – which was always historic – they would try to ensure that all the quantitative items were defined at that point. They tried to co-ordinate their responses with that date. That was the effective date.

The report date would be when everyone agreed and the report was filed.

The effective date was when all things aligned to a particular date and that point where those inputs were all agreed. Anything that happened after the effective date was not considered.

Mr Aldrich was aligned there; he was saying that for his evaluation, that effective date was the end of his information but the project may not have any ?? at that point. That did not mean that it was not a commercial project.

Mr Clay advised that, from that point on, the model would be a forecast of future cashflow. Mr Aldrich believed that did not stop the valuation from being done. Mr Clay added that they were trying to see what the reserve estimation date was, the effective date and the reported date and that was why he had tried to snap them up in the bullet points.

Mr Dekker suggested that the only thing Mr Aldrich was referring to under the effective date was where it was defined to represent recognition of the projected sales at a reference point and relating direction to future net revenue. Mr Aldrich's point was the issue of proposed projected sales at a reference point.

Ms de Bruyn asked Mr Clay where the reserve estimation dates could be found. He advised that it was in there. Ms de Bruyn asked how this was being followed up, because the Codes expect one to have an effective date and report date and Mr Aldrich made it very clear what the difference was between those two. Mr Clay advised that he had tried to summarise this simply, to make it an easy decision point going forward in order to resolve the four points. This had been debated and he was putting it in for clarity. He did not believe that Point 1 made sense. Some discussion followed on effective dates. Mr Clay asked whether the terms cleared this up.

Regarding Point 2 around the preparation date, Mr Clay believed this should be removed. He did not believe there needed to be clarity on the preparation date. Mr Dekker and Mr Aldrich agreed. This clause was removed.

Regarding Point 3 (which would now become Point 2), Mr Clay believed it was quite a nice clarifier and should remain. Mr Aldrich agreed, because it was not mandatory. Mr Aldrich was against the post-tax evaluation, but Mr Clay believed it was a key modifying factor. PRMS stated that taxes were not to be included in the economic evaluation. Mr Clay advised that PRMS was dealing with the evaluation and SAMOG was dealing with the valuation and it should include tax. Mr Dekker cautioned that this could be tricky because certain things were ring-fenced and others were not. This could be done for a company as a whole; but for a project in a company it would be more difficult. Mr Aldrich agreed that this was the company's responsibility. This should be reported by the company, post-tax, in the corporate financial statements. This was not where the individual research auditor should be stating it. He agreed with Mr Clay that the corporate should be stating this, so that the valuation could be done on the listing.

Mr Clay advised that tax was a key modifying factor and the reason why the different reporting standards were asking for pre- and post-tax; for the same reason that Mr Aldrich was saying. If the project was held within a company, it was subject to corporate tax, so that was at a level above. If it was about to be sold to another company, and they were going to be without a tax shield, nobody would buy it on a pre-tax basis. Ms de Bruyn asked what tax one would use at project level. She believed it should be pre-tax and that was what SAMVAL was doing. Mr Clay did not agree and advised that there were all sorts of taxes that could not be ignored. Mr Aldrich advised that field taxes had to be considered, but not corporate income taxes. Some discussion followed. Mr Aldrich did not believe the document should be prescriptive. It was decided to leave that bullet point as is.

	<p>Regarding Point 4, this clause was not a well-worded statement. Ms de Bruyn did not believe it should be removed, as it was important to have it in the document. She suggested that it was an important clause. If it was in the reporting code, it should be stated. Mr Clay disagreed. Mr Dekker believed one had to separate the report that was written by a CP from material changes. Anything happening after the effective date was a separate issue and a separate announcement. Ms de Bruyn suggested that this should be read in conjunction with Form A. Mr Clay reiterated that he did not like this clause and that it should be done according to the listing requirements. This would be discussed at the next meeting.</p> <p><u>Part 2, Form 1</u></p> <p>Mr Dekker outlined some of the changes he had made.</p> <p>Mr Clay agreed to get the valuation definitions to give some guidance on that. From a valuations principles perspective, they would need to ensure they had key valuations depending on what the purpose was. Mr Aldrich asked where that should be disclosed and where they were expecting to put that in the Code. Mr Clay agreed to put something together and send that to Mr Aldrich.</p> <p>Action: Andy Clay</p>
ANY OTHER BUSINESS	There was no discussion under this agenda point.
6. MEETING CLOSURE	Mr Dekker thanked everyone for their attendance and contribution.
7. NEXT MEETING	Date of the next meeting was scheduled for 26 September 2023 at 13:30.

Matters arising/Action Items

Meeting Date	Action	Responsible	Due	Status	Comments
06 June 2023	Send a copy of e-mail around better consultation between SAMCodes committees to Peter Dekker	Andy Clay	30/06		
06 June 2023	Look at aggregation and amend where necessary after discussion	Peter Dekker	26/09		
06 June 2023	Discuss Andy Clay's changes re relevant dates under next meeting agenda	Camielah Jardine	30/06		
06 June 2023	Review Item 101 at next meeting	Camielah Jardine	30/06		
06 June 2023	Check Item 3 against NI51-101 and PRMS for discussion at next meeting	Peter Dekker	30/06		

06 June 2023	Check Point 2 under Item 5 – Contingent resources or prospective resources against NI51-101 and Alberta S/E and then prepare list of bullet points for Peter Dekker	Andy Clay	30/06		
06 June 2023	Under Point 3 – put note for Committee to consider this after receiving clarity on Point 2	Peter Dekker	30/06		