

Mr Lomberg further advised that the Companion Volume Conference was scheduled to take place in May 2016 and would be confined to SAMREC/SAMVAL at this stage. Mr van der Berg was in the process of putting together the announcement and this would be circulated as soon as possible. The Chairman called for members to submit papers and fellow members would be requested to review such papers. The plan is to make the Conference as interactive as possible with live polls, etc.

Action: All working group members and Raymond van der Berg

4. DISCUSSION OF FINAL VERSION OF SAMREC CODE

Mr Lynn took the meeting through his list of recommendations on the Code:

- Glossary of Terms, Audit: Mr Lynn queried the description under "Life of Mine" and advised that this could not be correct, since a "Life of Mine" could be prepared for a Feasibility Study, which was usually not an existing operation. His recommendation was to change the wording to read: "...existing operation or advanced project...".
- Scope, Clause 3: Mr Lynn believed that the Code should not recommend that all of the information be included in Annual Reports. He recommended rather saying that annual and quarterly reports were usually summary reports and should state the published source from which the information was derived, i.e. CP Report.
- Under "Local", Mr Lynn believed this needed more context.
- Mr Lynn queried the requirement for using both "significant" and "material" and suggested removing "significant". He suggested that the terms be interchangeable until more specific definitions were available and that the words "significant projects" were used as per JORC definitions. "Material" could be based on JSE definition. It was agreed to use "significant project" and "material change".
- Scope (Clause 3): Mr Lynn suggested that the paragraph starting "Users of the Code..." was repetition and should be deleted.
- Competence and Responsibility, Clause 10: Mr Lynn believed that the concept of a 'lead Competent Person' had the potential to dilute responsibility. In his opinion, it would be preferable to have a CP sign off each section of the report (as with NI 43-101). There should not necessarily be a single CP who took overall responsibility for an entire report but they should rather take responsibility for the sections of the report they had prepared. After some debate, it was agreed that it was not always necessary to have a 'lead Competent Person'.
- Reporting Terminology, Figure 1:, Mr Lynn pointed out a cosmetic issue: the vertical arrow indicating increasing level of geoscientific knowledge should be shifted downwards slightly.
- Reporting of Mineral Resources, Clause 21: Mr Lynn queried the paragraph starting "reasonable and realistic" and, although this was a trend across the various Codes, he believed it was a bit harsh to expect a CP to peer into the future and make assumptions about economic circumstances and modifying factors. In his opinion, the logical way to declare a Mineral Resource as having RPEEE was by benchmarking in terms of size and grade against other declared Mineral Resources. He also believed this was contrary to Figure 1. Ms Dohm was not in favour of benchmarking. After some discussion it was agreed to leave this clause as is.

- Reporting of Mineral Resources, Clause 23: Mr Lynn commented that inferred sources could not be part of the reserve.
- Technical Studies, Clause 41: This had already been covered.
- Reporting of Coal Exploration Results, Clause 51: Mr Lynn queried whether there should be some acknowledgement of the fact that some Diamond Resources were developed in the Inferred Resource category? The Chairman queried whether there was specific wording to change that.

Ms de Bruyn presented her recommendations as follows:

- Glossary of Terms, Audit: It was recommended that the sentence be reworded to read, "*A systematic and detailed examination of the Mineral Reserve, processes of estimation (including geological, geotechnical and other models)...*", i.e. the word "and" be removed and a comma inserted. This was agreed.
- Glossary of Terms, Review: The word "audit" should be replaced by "review". This was agreed.
- Foreword, Clause 1: PLATO had been changed to SAGC, but was split into two. It was agreed to leave this as is.
- Scope, Clause 3: In the third paragraph, the sentence should read, "Such reports include but are not limited...", i.e. remove the word "they". This was agreed.
- In addition, in the ninth paragraph, the words "have been prepared" should be removed. This was agreed.
- Scope, Clause 6: Ms de Bruyn queried when, to whom and in what format the "if not/why not" comments would be provided. It was suggested that this should only be available on request when there was material change or when it was a first report on a reserve. The Chairman queried when Table 1 would kick in. When there was a major resource/reserve declaration, potential investors should be able to request additional information. There should be a report, and Table 1 was a requirement for a maiden reserve. After some discussion, the Chairman suggested that this should be changed to read "available on request". Where the CP report did not contain the information, Table 1 should state that. In addition, the wording would be changed to read "material changes FOR significant projects". It was also suggested that repetition should be avoided, i.e. reference to Table 1. All agreed.
- The Chairman confirmed that CRIRSCO definitions had been quoted verbatim and should not be changed.
- Competence and Responsibility, Clause 11: It was confirmed that the SSC disciplinary procedures were in place.
- Reporting of Exploration Results, Clause 20: The sentence starting, "A cautionary statement may be by way..." should be Code and the reference to a footnote should be removed. In addition, it was suggested that this sentence be a new bullet point in normal typeface. This was agreed.
- Reporting of Mineral Reserves, Clause 33: This was a duplication of Clause 6 and should be removed. This was agreed.

- Technical Studies, Clause 18: Reference to be checked.
- Reporting of Coal Exploration Results, etc.: Numbering to be checked.
- Reporting of Diamond Exploration Results, Clause 54: Ms de Bruyn queried the requirement that any reported valuation of a parcel of diamonds be accompanied by a statement verifying the independence of the valuation and suggested removing this sentence. After some discussion, a decision was taken to leave this clause as is.
- Reporting of Diamond Exploration Results, Clause 55: It was confirmed that the value of the diamonds must be given in US dollars per carat.
- Reporting of Exploration Results, Mineral Resources and Mineral Reserves for Industrial Minerals, Clause 68: Ms de Bruyn queried the purpose of this paragraph and reference to Clauses 7 and 8 of the Code. On checking the reference, it was agreed that this should be changed to read "Clauses 5 and 6".
- Reporting of Metal Equivalents: Ms de Bruyn requested that the wording be changed to "report must include". This was agreed.
- Table 1, Prelude:
 - Ms de Bruyn queried whether there were no checklist items for Targets. It was agreed that the wording would stay as is.
 - It was agreed that principles should be in lower case.
 - The wording of the third paragraph was considered contradictory and "relevance" was a concern. It was agreed to change the wording to: "*Transparency, **competence** and materiality*".
- Table 1, General (vi): The sentence starting, "Where a valuation has been completed, the summary must include the discount..." to be removed.
- Table 1, Technical Studies, Clause 5.2 (i): Ms de Bruyn queried whether this text had been put in the correct column and this was confirmed.

Ms Flitton reported her recommendations as follows:

- Scope, Clause 3: With reference to the paragraph starting, "Reference in the Code to 'documentation' pertains...", Ms Flitton believed that the SAMREC Code was designed to regulate external reporting of Mineral Resources, Mineral Reserves and Exploration Results. It was not designed to control internal company policies and procedures and hence could not specify the structure and content of internal documents.

The only authority to call for such documents should reside with the regulators or the listing entities. She believed that this clause was onerous and beyond the ambit of the Code. The Code served as a guideline for minimum reporting and, as such, the provision of documentation such as Table 1. Where required, a CPR should meet the requirements of a reasonable investor, therefore supporting documents should not be required. It was agreed that this would be reworded to, "all aspects of the work that potential investors would reasonably expect".

- Technical Studies: Ms Flitton was concerned that proposed clauses regarding technical studies were prescriptive rather than a minimum set of reporting standards which this Code had originally set out to do. AngloGold Ashanti would always use internal definitions for economic studies with the understanding that when it came to public reporting this would be done in accordance with the minimum standards described by the various Codes. She strongly suggest that the following clauses be removed:
- Clause 23: "Confidence in the estimate of Inferred Mineral Resources is not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning in Pre-Feasibility (Clause 44) or Feasibility (Clause 46) Studies. For this reason, there is no direct link from an Inferred Mineral Resource to any category of Mineral Reserves (Figure 1)." It was agreed that this should be highlighted and looked at in light of what had been discussed.

Action: Steve Rupprecht

- Clause 42: "The capital cost estimate accuracy to a Scoping Study should be in the order of $\pm 50\%$ and can be derived from high level assumptions based on industry benchmarks, vendor productivity information and the experience of the CP."
- Clause 42: "Historical estimates, Exploration Results, Exploration Targets and Mineralisation may not be included in a Scoping Study. It was agreed that reference would be made to this in Table 2 and that it would be removed from the Code."
- Clause 43: "The cost estimate accuracy of the inputs to a PFS should be in the order of 15% - 25% and can be derived from vendor budget quotes for major items combined with current cost database, benchmarking against similar projects with current or similar site labour costs, scale of operations and productivities etc." Dr Rupprecht advised that this figure should be 23.
- Clause 43: "Historical estimates, Exploration Results, Exploration Targets and Mineralisation may not be included in a PFS." This should refer to Table 2.
- Clause 44: "The cost estimate accuracy of the inputs for a FS should be in the order of 10% - 15% and must be derived from multiple vendor quotes for major items combined with a current cost database, current site labour costs, site specific productivities, detailed materials cost to site, etc." This should refer to Table 2.

Ms Flitton suggested that where the results of such studies were to be published, the key projects statistics and inputs be listed. This would avoid the Code becoming prescriptive whilst still honouring the three fundamental principles of external reporting.

General comments raised by Ms Flitton were as follows:

- No definitions for material change and material project.
- "Significant project" was used in some instances and "material project" used in others
- Capitals for words Mineral Resource and Mineral Reserve
- Mineral Resource or Diamond Mineral Resource not Resource. *It was agreed to always use "Mineral Resource".*

- It should be "Mineral Reserve" or "Diamond Mineral Reserve", not "Reserve"
- The Code should use 's' not 'z' – i.e. mineralized, recognized.
- "Pre-Feasibility" was used in some instances and "Preliminary Feasibility Study" or "PFS" used in other instances. *It was agreed that there should be consistency.*
- Some definitions were still missing i.e. nominal drill spacing, untested practices. *It was agreed to remove these.*
- Is the version of the new SAMREC Code 2015 or 2016? *It was confirmed that this was SAMREC Code 2016.*
- It must be made clear that a Competent Persons Report is not necessarily always a public report – i.e. supporting documentation
- A query was raised as to the reason for removal of the term "dumps". *It was pointed out that in the South African context, "dumps" was synonymous with "waste" and that the term "low grade stockpiles" was preferable.*
- The following should be included at the end of Clause 22: "While it would be reasonable to expect that the majority of Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued exploration, due to the uncertainty of Inferred Mineral Resources, it should not be assumed that such upgrading will always occur." *This was agreed.*
- Does Table 2 (guideline) not belong in the companion volume? *It was agreed that this should be in the guideline.*
- A distinction needed to be made between a Competent Person Report (CPR) which is in section 12 of JSE listing rules for first listings and a Competent Person's Report prepared for internal controls and supporting documentation. *It was agreed that there should not be a difference.*

The following recommendations were received from Mr A Clay (Venmin Deloitte):

Mr Clay believed that Table 1 had become highly prescriptive. *Mr Kinghorn advised that SAMVAL had changed all instances of "should" to "must" in their report and it was agreed that SAMREC should do the same.*

The Chairman advised that many of Mr Clay's comments had been dealt with.

- Table 1, Prelude: In Item 6, Mr Clay believed that "sufficient" and "cautionary" were both terms that suggested the need for disclaimers and indemnities and this was generally forbidden in most jurisdictions and recommended that this item be deleted.
- Table 1, Prelude: In Item 7, The terms "scientifically valid", "tested" and "accepted" – once again, these terms were woolly and did not mean the same things to different people. Similarly, it was recommended that this item be removed.
- General, Item (vi): Mr Clay believed that use of the term "Executive Summary" should be eliminated, both in that section and in Appendix 1 and replaced with "Synopsis" as this was in contradiction to the JSE Listing Requirements and there was confusion in the market. *After lengthy discussion, it was agreed that "Executive Summary" should remain as is and SAMVAL would be requested to change "Synopsis" back to "Executive Summary".*
- General, Item (x): Mr Clay suggested deletion of "Includes significant observations" as it was another example of captured terminology. *It was agreed to tidy up the wording and give context to these three words.*

- General, Item (xi): Mr Clay recommended that "Representative" should be deleted unless the term was defined. *It was agreed to that the sentence be reworded to read: "Reporting of low and high-grades and widths must be practised together with their spatial location to avoid misleading the reporting of exploration results."*
- General, Item (xiv): Mr Clay requested removal of this clause. *It was agreed to leave this clause in place, but to remove reference to valuation and pricing.*
- General, Item (xv): Mr Clay suggested removal of this clause as it was a duplication of Appendix 1. *It was agreed to check for duplication.*
- Project Outline, History, Item (iv): Mr Clay believed this implied making commentary on previous CP work and may lead to litigation and recommended that it be deleted. *It was agreed to remove all words after the comma, so that it would read: "Discuss known or existing historical Mineral Reserve estimates and performance statistics to actual production for past and current operations."*
- Project Outline (1.5) Legal Aspects and Permitting, header: Mr Clay believed this term had significant legal meaning to the extent that it was an "attest" or "assurance" process in the audit world and recommended that it be changed to "reviewed". *It was agreed to leave this as is.*
- Project Outline (1.5) Legal Aspects and Permitting: Mr Clay made a general comment that the wording in this section should be read by a lawyer to the extent that any suggestion that the CP was giving a legal opinion should be eliminated. For example, 1.5 (iii) should have the term "details" removed.
- Project Outline (1.6) Royalties and Liabilities: Mr Clay believed this should be removed as it should be discussed in 5.6. *It was agreed to split Royalties and Liabilities into 1.6.1 and 1.6.2 and readjust the wording.*
- Geological Setting, (2.1), Item (i): Mr Clay suggested removing the term "briefly" and queried why in some instances it should be "brief", in others "debated" and in some "justified". *It was agreed to remove the word "briefly".*
- Exploration, (3.1), Item (i): Mr Clay believed this was too prescriptive. *It was agreed to leave this as is.*

Due to time pressures, it was agreed that the remainder of the recommendations be discussed at the next meeting. At a request from Ms de Bruyn, the Chairman agreed to amend the Code to include recommendations made in this meeting and Mr van der Berg would distribute this to members.

Action: Ken Lomborg and Raymond van der Berg

The remainder of the agenda items would be carried over to the next meeting.

5. CLOSING

The Chairman thanked everyone for their attendance and closed the meeting at 14:00.

6. DATE OF NEXT MEETING

The next meeting was scheduled for 26 March 2015 and would revert to the normal time slot and shorter duration, i.e. commencing at 09:45.

SUMMARY OF KEY ACTION ITEMS
Ken Lomborg: Amend Code with suggested and agreed recommendations
Raymond van der Berg: Investigate reason for e-mail failures Circulate Companion Volume Conference announcement Circulate amended Code prior to March meeting
All working group members: Submit papers for Companion Volume Conference to Ken Lomborg or Raymond van der Berg
Steven Rupprecht: Examine and comment on Clause 23 – Inferred mineral resources