

4. MATTERS ARISING FROM THESE MINUTES

4.1 CP and CV Accreditation

- Two working group meetings were held for this particular parking lot issue.
 - First meeting canvassed the details in terms of the level of qualification that a CP would require.
 - Second meeting explored alternative qualifications that a CP may require; essentially bringing the issue back to where it started.
 - Main issue highlighted from the meetings is the qualification criteria is of vital importance.
- Internationally, both the SME and Chile have introduced a registration process for CPs. The WG looked at four major disciplines – four pillars on which to base the accreditation process. Each discipline would require a person to have the relevant knowledge and experience and to belong to the correct organizational body.
- It was also suggested by members present that the registration procedure needs to be more process orientated and taken from a broader and more subjective angle.
- The WG did however feel that this matter was not ready for discussion at the proposed workshop to be held in conjunction with the World Gold Conference.
- Members present suggested that although the issues were not buttoned down, it may be useful to have the discussion at the workshop to determine what the general feeling was within the public domain. The WG should lead the discussion and receive feedback from the workshop attendees and industry.
- It was proposed that from a JSE point of view the process of registration should be managed by the GSSA/SAIMM in order to deal with problems arising. Alternatively it could be left to the Government Registered Bodies to deal with the matter.
- Members present discussed an area of concern, being registration with Government Registered Bodies with the problem being that members of industry will not want to register again and thereby fall under yet another government body (i.e. accountants who, work on public reporting, need to register with the JSE, although SAICE being the professional body for all accountants)
- It was proposed that a manner in which to avoid the area of concern at the professional level with the GSSA/SAIMM would be for the JSE to incorporate registration within their code and draw up new rules governing this procedure. It is to be noted that the JSE do not necessary want to go down this route.
- The key principle is registration for CPs, with the CP being able to demonstrate his skills as a competent person. Registration of CP and CV will also require a CPD points system.
- There is consensus between GSSA/SAIMM, PLATO, SACNAP and ECSA that it is important that there is a correlation between experience and the function performed. It is also important that parties do not focus solely on the qualifications side as the experience gained is more important (skills based).
- A recommendation was done that the JSE should introduce a registration process similar to the accountants' procedure – applicable to all parties preparing reports under section 12.

- A further question to be raised is disciplinary procedures for individuals who produce non-compliant reports.
- From the JSE's perspective, the person will be removed from the list. This will result in the JSE having to control the accreditation process.
- Statutory bodies have the power to do a proper disciplinary process while SAMREC does not.
- The reader's panel is the interface which prevents the questionable report from seeing the light of day but in the case where a questionable report is published the reader will not take responsibility.
- Members present agreed that the following question must be addressed
 - 1) How are readers appointed?
 - 2) Are they qualified as CPs?
 - 3) Are they tested as CVs?
- Members presented agreed that the control process of the ongoing adjudication of the readers must be addressed.
- All present agreed that the forthcoming workshop should be used to put the following major issues on the table.
 - 1) Why do they want to establish the register?
 - 2) Give examples of where it has been done?
- A report of the beforementioned outcome to be drafted for presentation to the SSC.

4.2 Independence

- Nick Tyler reported that there were internal meetings on this subject as well as discussions with UKLA and OSC (Ontario Securities Commission).
 - N Tyler reported that it has been practiced in the UK for last few years however they are looking at bringing it in to the UKLA requirements
 - N Tyler reported that in Canada it is required to have an Independent Technical Reports in certain situations.
- Members present agreed that:
 - Independence should be included in the Listings Requirements – Section 12 (New Listings, CAT 1 Acquisition / disposal (most done by independent parties anyway)
 - Every 3 years have an audit done by an independent CP of the listed company's resources and reserves which would fall under continuing obligations in Section 8
- In discussions it was found that Australia, SA & US treat independence as a matter to be closed
- In the UK, CESR (Central European Securities Regulations) insist on independent CP reports upon listing & major acquisitions / disposals (they have no continuing obligations disclosure requirement). PERC (Pan European Reporting Code) do not make reference to independence.

- Canada insist on Independent Technical Reports in 3 cases; for new listings, first time assessment on mineral reserves and resources material to the issuer and where there is at least 100% change in the resources & reserves from last report.
- Hong Kong Exchange has just released a consultation paper on new listing rules for mineral and exploration companies.
 - Research different codes and rules of SA, US, Australia, Canada & UK
 - Propose that CP's be independent.

4.3 Resource reporting on an exclusionary / inclusionary basis

- Mr Andy Clay consulted with Mr Riaan Davel, Mr Glen Brady and Ms Sue Ludolph on this matter.
- The first matter discussed at the meeting was whether companies should provide a requirement or economic criteria which should be used to confirm "reasonable prospects for eventual economic extraction" which is a fundamental requirement of the Code at the time of reporting. There is no unanimity at the meeting on the matter but suggested format of "Resource Modifying Factors"
- The meeting debated a further three questions which are all tabled in the attached report.

4.4 Valuation of Inferred Mineral Resources

- The first debate raised at the meeting was if the valuation of inferred mineral resources has any value and why it is important to value inferred resources in the Minerals industry.
- The group unanimously agreed that inferred mineral resources have value as part of the mineral asset, especially given that these Mineral Resources have the potential to be developed into higher mineral resource categories with increased geological confidence. Further details on this debate were tabled in a report and attached hereto.
- The meeting debated a further five questions which are all tabled in the attached report.
- Members in attendance considered whether or not to use the same commodity price (spot price) for resource and reserve calculations and cut-off. It was requested that further clarity should be added on disclosure of metal prices used and underlying costs.
- It was suggested that the members of industry be approached for feedback while making a clear indication of the life cycle of the project. At present there is a need to do a report with the inferred resources and then a second report without the inferred resources.

4.5 Best Practice

- No further developments on this topic discussed as it was decided to deal with this matter in 2010 by means of a Best Practice workshop.

5. SAMCODES Education and conferences workshops

All the parking lot issues mentioned above will be presented at the workshop to be held in conjunction with the World Gold Conference in October. The prices should be reasonable in order to attract as many attendees as possible as the knowledge gained at the workshop will be invaluable.

6. General

- To be placed on the SSC agenda
- Members present enquired re :
 - What constitutes fair value in terms of SAMVAL value issues?
 - Will SMAREC pass this up to CRISCO?
 - The Chairmanship position of SSC. The upcoming position of chairman was discussed and members present suggested that the position is filled by means of an open election.

7. Next meeting

To be announced.

There being no further business the meeting adjourned at 12h20.

Signed:.....

Date:.....