

SAMREC Committee Meeting Minutes

Date of Meeting	25 August 2022	Time	09:45															
Chaired by:	Ken Lomberg	Location	Zoom															
Minutes prepared by:	Ann Donnely																	
<p>Present:</p> <table> <tr> <td>Maria Antonaides</td> <td>Jacques Nel</td> <td>Seef Vermaak</td> </tr> <tr> <td>Tarryn Flitton</td> <td>Godknows Njowa</td> <td>Nicole Wansbury</td> </tr> <tr> <td>David?</td> <td>Tim Rowland</td> <td>Jeremy Witley</td> </tr> <tr> <td>Tania Marshall</td> <td>Steven Rupprecht</td> <td></td> </tr> <tr> <td>Santoshnie Mathuray</td> <td>Karin van Deventer</td> <td></td> </tr> </table> <p>SAIMM Secretariat: Tshepiso Letlhaku</p> <p>Apologies:</p>				Maria Antonaides	Jacques Nel	Seef Vermaak	Tarryn Flitton	Godknows Njowa	Nicole Wansbury	David?	Tim Rowland	Jeremy Witley	Tania Marshall	Steven Rupprecht		Santoshnie Mathuray	Karin van Deventer	
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<p>3. Action items from previous meetings</p>	<p>25 November 2021 Page 3, Item 7 – Technical Discussion: Ken asked for questions to be put forward for discussion under this agenda item, but Tania was not aware of any topics that had come in and this was ongoing. Action: All</p> <p>25 November 2021 Page 3, Item 5 – CRIRSCO: Tania believed that this was ongoing.</p> <p>26 May 2022 It was confirmed that Tarryn had sent Andy the guidelines to update on the SAMCODES website.</p> <p>26 May 2022 The tie-in with Camielah, Sam and Tarryn re upcoming courses was ongoing.</p> <p>26 May 2022 Tarryn had communicated with the developers of the App and would give feedback at this meeting.</p> <p>26 May 2022 Tarryn had contacted Teresa and Andy regarding the ESG survey.</p> <p>26 May 2022 It was confirmed that the article re JORC and the registration of CPs had been circulated.</p>
<p>4. SAMCODES App</p>	<p>Tarryn provided an update on the status of the App. The SAMCODES App now included the Quiz Module. There were only two screens between the SAMCODES App. The latest news video had been updated and the older news had been archived. She advised that the events had been updated with courses, webinars, meetings, etc. The quarterly meetings would be updated, as well as any information on the training resources. There had been enough push notifications in App messages.</p> <p>She asked everyone on the SAMCODES Committees to go through the test quiz so that people could see how it worked. She went through the process of how to complete the quiz.</p> <p>There were currently 30 registered users.</p> <p>Ken suggested that a discussion should be held around whether the sponsors should remain. Tarryn asked Camielah to check whether the developers were being paid. She would liaise with Andy McDonald to ensure that the latest version of the App Guide was put on the website. Nicole asked whether the App would be put on the Apple Store. Tarryn responded that they had almost given up on that, mainly because they had put forward the App about four times to the Apple Store, with no success. They saw it as more of a website rather than an actual App and that was why it would be good to bring in things like quizzes, etc., so that it would have additional functions; and then maybe, at a later stage, another approach could be made to the Apple Store. Currently they were using a PWA and the information on how to instal the PWA on the Apple phones should be put on the website.</p> <p>Maria Antoniadis advised that, when she opened the Committee Meetings, it had the link to join the meeting. She asked whether this</p>

	<p>was only meant for the actual Committee; or whether it was open to everyone. As far as Tarryn knew, the Committee Meetings were open to anybody. Ken responded that the logic was that anyone was welcome to join these meetings, with the proviso that those joining actually participate and make positive contributions, as well as getting involved in activities. Maria asked whether it would not be more positive, on the App, to explain this to users. Ken believed this was a good idea and would put together some wording with Tarryn.</p> <p>Action: Ken Girdwood and Tarryn Flitton</p>
<p>5. CRIRSCO</p>	<p>The CRIRSCO Annual General Meeting would be held in Johannesburg on the week of 16 October 2022. On Wednesday, 19 October, all the NROs would be presenting, followed by a cocktail function sponsored by SAIMM and the GSSA. Everyone in the industry (and particularly SAMREC, SAMVAL and SAMESEG was invited to attend either or both of the events. Invitations would be sent out shortly to ensure that everyone was aware of the details. It would be held at the Fairway Hotel in Randburg and it was hoped that people would be available to join and listen to what the NROs had to say and what their activities were. It would be the first face-to-face meeting in three years.</p> <p>As far as updates were concerned, JORC were still going through their update. Interestingly enough, they had employed a professional project manager to manage the process and they had six sub-committees dealing with different aspects, e.g. things like Environmental, Competent Persons, etc. Each of those were coming back to the main committee with different aspects and there would be some interesting dialogues at the end of that.</p> <p>There were a number of countries that were still interested in coming into CRIRSCO, the Philippines were apparently very close to coming in, as well as a group from West Africa; Malaysia; and Kyrgyzstan. CRIRSCO was continuing to be quite relevant.</p>
<p>6. Technical Discussion: CSA Consultation Paper</p>	<p>The presentation was shared with the meeting. The Canadians had put together a paper asking questions about the 43.101. There were over 30 questions and five or six had been selected for discussion.</p> <p><i>Q1: Do the disclosure requirements in the Form for a pre-mineral resources stage project provide information or context necessary to protect investors and fully inform investment decisions? Please explain.</i></p> <p>Tarryn was not sure what 'pre-mineral resources stage' meant. Ken believed it was exploration results and target.</p> <p>James wondered what they were trying to achieve in protecting investors, i.e. whether it was against fraud? Ken believed that investors should not be cossetted and needed to be better informed and to know both the good and the bad. His concern was that there was not way that everything could be disclosed, because this was not always known and the document could be very lengthy. The question was whether an investor could be protected in a pre-mineral resource stage project in any way; or in any part of the value chain. The form would detail all the</p>

technical data, but whether it required further information would need to be investigated.

Steve believed it was about informing investors of material; it was not overloading them with everything, but companies should disclose what they thought was material to an investor. Ken added that there was a need to point out things that were risk items (material). Steve advised that from an SEC point of view, it was around what information an investor would need to either buy or sell shares, i.e. it was what was material to an investor.

David noted that some of the people around the table might not be familiar with all the requirements for a pre-mineral resource stage. He asked for a brief overview of what the form was currently requiring in disclosure at an early stage of exploration. Ken did not believe there was a checklist of any sort of what should be there. It was normally a case of looking for holes in whatever was declared rather than saying what should actually be there.

Some of the important things when disclosing pre resource information was that it was not presented as a resource or a reserve. There were disclaims and it was important to note that these were in resources and they may never become reserves when further exploration is undertaken. Everything must be presented in a range. SAMREC did talk about it in a couple of pages and Tania would find these and provide a screen shot.

One of the aspects which was quite a big issue for the Canadians was that they needed to get agreement with all of the different provinces before they changed their Code. This was a law in Canada and not just a guideline, so it was a bit more strenuous than it was for SAMREC.

Thinking about it from an exploration point of view, David noted that if you were honest with an investor, most exploration projects failed. This would not help the industry. Ken believed that the chance of success might be small; but it was important to highlight what was there. Tim added that, looking at this from a different angle, when one was in this pre mineral exploration stage, which was obviously before you were reporting an inferred resource, you were very much in the exploration space and particularly when you had assets in Australia, West Africa or the Americas. The intellectual property and the competitive advantage you had in this exploration space, particularly where ground holdings were competitive and licences and permits were turning over quite regularly, you had to be aware of giving away intellectual property in pre mineral resource reporting. It was a challenge he had had and care had to be taken not to cross the line regarding IP, particularly in the exploration space.

Regarding exploration targets, Jeremy noted that the guidance in 43.101 was very similar to the other codes in that respect, but essentially you were allowed to report anything in terms of the range of grades and targets. While one allowed such styles of reporting, there were a lot of misconceptions from reports. Essentially, it was a 'tell it how it is' code. If you withhold information, you get yourself in trouble with 43.101. This was the issue with 43.101 reporting; you cannot withhold information that would affect an investment decision – you have to release your results in a timely manner. You have to protect the investor, but the investor owns a portion of the company, so you have

also protected the company. It was a really difficult space and he was not sure what the solution was.

Ken suggested that if the discussion was broadened to include not just the pre mineral resource stage, what the resource and reserve disclosure requirements would be. He asked whether the codes were adequate, or were they too over the top? No responses were given.

He asked whether the meeting felt that the disclosure requirements for pre mineral resource stage were similar to the resource and reserve stages, or whether there were any differences? Jeremy responded that the way that 43.101 was set up, each item needed to be filled in, depending what was applicable. Essentially, it was almost the same information that one would put in under Items 7-12 (Geology and Exploration). The only difference was that if you had a mineral resource, you would not need to put in so much detail in the exploration. 43.101 was quite well-known for its 'tell it all' policy, but a lot of companies were not necessarily abiding by the rules, especially in terms of balanced reporting. People were very good at reporting good interactions and bad at reporting bad interactions. The code allowed for that, but it was just the implementation by the companies themselves.

Ken suggested that in having a discussion like this, one of the important aspects was that the rules could be discussed *ad infinitum*, but if they were not implemented, it did not matter. People needed to be held to account.

Getting back to the question of comparing pre mineral resource stage declarations with resources and reserves; David noted that in resources and reserves, you were actually dealing with numbers and in areas for which you had control on the ground and mineral rights, etc. For the pre-minerals resource stage, you were really talking about the chance of coming up with a resource; so you cannot put numbers to it and were really just looking at the chance. He did not believe the two could be combined at all.

Jeremy advised that this currently allowed for reporting a pre-exploration target, which was numbers in various ranges and he felt that this was a very difficult space, because it was getting used as another category of mineral resources and yet it could actually be based on nothing. The numbers should have some reliability. He felt that there should be much more guidance in how to report these exploration targets because it was getting abused both by JORC and 43.101. Tania advised that SAMREC did have a lot more guidance with regard to exploration targets and it also split the purely conceptual target from the target where there was a bit more information known on the property itself. It would be useful if this was moved across to some of the other codes as well.

Q6: Is the current definition of data verification adequate, and are the disclosure requirements in Section 3.2 of NI 43.101 sufficiently clear?

Item 12: Data Verification of the form addresses a core principle of NI43.101 and is a primary function of Qualified Persons. Mining reviews demonstrate that disclosure in this item is often non-compliant. For example, we do not consider any of the following to be adequate data verification procedures by the Qualified Person:

- QA/QC measures conduct by the issuer or lab
- Database cross-checking to ensure the functionality of mining software
- Reliance on data verification by the issuer of other Qualified Persons related to previously filed technical reports; and
- Unqualified acceptance of legacy data, such as disclosing that former operators followed 'industry standards'

Broadly speaking, Ken asked how the meeting saw data verification, i.e. what should be there and what the QP/CP should be doing for data verification.

Jeremy believed that left it pretty much up to the QP to decide what needed to be done. He gave an example that he had recently worked on. He was not sure what to do, as it said that they did not rely on data verification done by previous QPs. It was a really difficult area and he believed it should be enough that the QP was satisfied that there were no fundamental issues. He added that you had to be able to rely on other dependents. Ken believed there must be justification for accepting data that other QPs had verified. Jeremy agreed that the cross-checking was more about cross-checking the original data with the database, but he felt strongly about the data verification. The QP should be allowed to use his judgement in how he relied on data verification by other QPs. He questioned whether this was right and he believed it should be in the QP's judgement.

Tim advised that the approach he had always taken was that the first port of call was to reference the companies documented data verification process, protocol and standards and, by having that reference document in place, it should give you the continuity to allow reference around the protocol and standards. If that document did not exist within the company, you were on thin ice from the get-go. The QA and QC measures should be documented and understood by the staff. You should be able to rely on work done by other QPs (although the regulators did not like that).

Nicole believed this was a broad topic. The data verification should be good enough to demonstrate to investors that you had been through a rigorous process; you had had reviews by third parties (whether internal or external), and that should provide enough confidence around due diligence having been applied. Ken noted that not everybody did this.

Q7: How can we improve the disclosure of data verification procedures in Item 12 of the form to allow the investing public to better understand how the Qualified Person ascertained that the data was suitable for use in the technical report?

It was believed that this was super prescriptive already. Item 12 was there for fraud and ethical people were doing it diligently, i.e. '*Punish the perpetrators and not the practitioners*'. There should be different guidance on what verification one did for a new discovery or an exploration project than there was for an existing mine. An existing mine could rely on plant records, etc., whereas an exploration project would require some independent sampling, etc. It was believed there should be different reasons for explorers to operate under.

David asked whether it was not all risk-related to investors. So, if a batch of samples were sent to the laboratory and the QP reported those results but did not send any CRMs and was relying purely on the

laboratory results as being accurate; as long as he stated that and points out the risks, surely that would be fine? There were various levels of risk where the submitter of the samples also includes CRMs and does a full assessment of the results of the CRMs along with the samples. As long as it was reported like that, it was fine; because you are telling the investor what level of risk he is having to take, which is as it should be. Item 11 was about what level of measures you would use to ensure the quality of the asset.

Ken advised that it was almost impossible to verify what was the identification of lithology. This could be quite difficult to put together in the first place.

He asked that members send any comments or suggestions to him, to be included in SAMREC's response.

Action: All members

Q11: Should we consider modifying the definition of a preliminary economic assessment to enhance the study's precision? For example, should we introduce disclosure requirements related to cost estimation parameters or the amount of engineering completed?

Jeremy believed this was a most ridiculous situation. You could do a PEA on an inferred mineral resource, with huge amounts of detail, and yet it was based on an inferred mineral resource which, in many cases, was based on a global estimate only and was not suitable for any DCF/MPV type calculations.

Ken added that if you had done a 'proper' financial assessment, then it definitely had validity.

Jeremy repeated that you were basing it on global estimates which, in many cases, were not good enough for any local estimation. If you could not have local estimation, how could you have a discount cash flow if you did not know what was coming out of the mine in which year. He believed this was one of the big issues that he had with 43.101; it allowed a PEA and this was quite a detailed study nowadays.

Godknows Njowa noted that the PEA had been good for some, but had been abused most of the time, in his view. Either the definition needed to be revised, or it should be abolished completely. It was sometimes very confusing and people were taking advantage of this loophole to declare things that should be a nothing. Either the definition needed to be tightened, or to be abolished completely.

Tarryn asked whether a PEA disclosed a reserve, or whether it was only a resource. Ken believed it was not a declaration of either, so you still had to have PFS for doing a reserve; but a PEA could sometimes be used to justify a resource.

Tarryn wanted to know whether it was equivalent to a concept level of scoping study. Ken responded that it was probably most closely related to a scoping study.

Jeremy believed that guidance should be taken from the ASX, as there was a little disconnect between ASX and JORC in this respect. PEAs should have some percentage of an indicated mineral resource in them. What they had also found, with 43.101, was that the regulators actually

get quite irritated if you try and portray aspects of your PEA to be a PFS level. He believed it was very confusing.

Steve Rupprecht commented that PEAs might be useful, but one of the common threads that he had been hearing was that there were a lot of things going wrong out there, but there were zero complaints. He believed that it would require an internalised look at the regulations side. His other comment was about the investors being 'buyer beware' as well. Buyers also had to be educated and informed; and sometimes he believed SAMCODES were expected to prevent people from making bad decisions. He believed that the 'Buyer Beware' also needed to be considered. He would like to see more push on regulations as well, i.e. more self-policing.

Godknows commented that, when looking at JORC and how it was regulated through the ASX, if anything was going to be done on inferred resources, he thought there was a section that highlighted all the disclaimers that you needed to highlight to the investor around an inferred resource. He believed that there was some sort of PEA in the Australian environment; but with the NI, that was also adding to the confusion for a lot of people.

Q16: Is there anything missing or unclear in the current QP definition? If so, please explain what changes could be made to enhance the definition. Currently, the QP definition requires the individual to be an engineer or geoscientist with a university degree in an area of geoscience and engineering related to mineral exploration or mining.

Jeremy advised that a trend with 43.101 lately from the regulators was that they now were asking a lot more around why you were a QP, although the guidance was quite flimsy and required a lot more, they would still come back and ask you to be more specific. He cited an example. This was one of the difficulties with NI 43.101; they put the guidance in, but they also state that it was self-regulating. He believed that the QP definition should be more specific relating to that side of mineralisation and type of deposit; that should be included.

Steve suggested that it was time that SAMCODES started highlighting technical specialists/subject matter experts, because the QP could not be everything. It was time to also introduce technical experts signing off on certain areas as part of the process. He believed this should be formalised.

On the QP, Godknows mentioned that the definition itself had been tried and tested, and he agreed with Steve around the issue of the SME. In the new JORC Code, he believed the term would be either defined or removed.

Tim Rowland asked that, when looking at pre-resource disclosure, he had tried to introduce resource range analysis (RRA), which provided some framework, being quantitative or probabilistic in its style; but it provided some framework to pre-resource reporting, which he introduced to the company. He believed that some sort of resource range analysis needed to be evoked.

Ken believed it had been a valuable discussion on these issues.

7. Training	<p>No training had been done in 2022, but there should be training in 2023.</p> <p>Tania Marshall was running a course at Wits and gave some details on the offer from SACNASP. The course was entitled: 'Compliance and Regulation in South Africa'. It looked at all manner of regulatory compliance and reporting requirements in the minerals industry. This went from legal compliance, accounting, SAMCODES, risk assessment, regulations, etc. It was aimed at MSc level, but also for anyone in industry. It was on the Wits website and there was also a link on the SAMCODES website. It was worth almost R20k for the week's course and SACNASP had decided to sponsor a number of people to go on this course. Any interested people should put through a motivation and sent it to Sam Moolla, who would get this going. There were assignments and a final exam at the end of the course.</p>
8. General	<p>Ken asked for assistance on the final compilation for SAMREC's submission to the Canadians and he would distribute some of the work that had been done to date. Maria Antoniadis commented on the discussions regarding the QP definition. She believed it could be refined and defined in terms of the requirements. The actual definition should be included with what was put in the certificate and the consent letters that went out.</p> <p>Ken added that they had also asked whether directors and officers of the company could be disqualified from authoring any technical reports, even in circumstances where independence was required.</p> <p>Maria advised that as long as everyone was following the code in terms of transparency, materiality, etc. the brief was that the statements automatically, the brief was that they should not automatically be disqualified. They had to comply with transparency and standards.</p> <p>Jeremy noted that there was some guidance on this and cited some examples. He did not believe companies should do their own work and that it was good practice to have independent audits.</p>
9. Closure	<p>Ken thanked all members for their input and the interesting discussion. He believed the discussion had been valuable.</p>
Next meeting	<p>The next meeting was scheduled 09h45 on 24 November 2022.</p>

Matters arising/Action Items

Meeting Date	Action	Responsible	Due	Status	Comments
25/11/21	Put forward questions for discussion under 'Technical Discussions'	All members	Ongoing		
25/11/21	Advise CRIRSCO member companies from non-English speaking countries to edit their translations of the template thoroughly	Ken Lomberg	Ongoing		
23/02/22	Send Tania guidelines to update on SAMCODES website	Tarryn Flitton	28/02/22		
23/02/22	Tie in with Camielah/Sam re upcoming courses & training for App	Tarryn Flitton	Ongoing		
23/02/22	Discuss inclusion of Rob Ingram on ESG Working Group with A McDonald	Tania Marshall	28/02/22		
23/02/22	Circulate article re JORC & registration of CPs	Annelie de Bruyn	31/03/22		
23/02/22	Add agenda item to discuss CP competency.	Tania Marshall	31/03/22		
23/02/22	Add agenda item of dual listing requirements.	Tania Marshall	31/03/22		