

## **Compliance Reporting - An Uncomfortable Ride?**

The current commodities boom and the growth in the junior mining and exploration sector of key securities exchanges across the globe has resulted in interesting and busy times for independent mineral asset valuers. At Venmyn, we are frequently requested to prepare independent Techno-Economic reports for mining and exploration companies seeking admission to various international stock exchanges. By their very nature, these companies often have extensive portfolios of assets in far-flung locations, and this multi asset base is proving problematic in terms of compliance reporting and on-going annual filing requirements.

Venmyn's "passion for compliance" is well renowned in the industry, as is evidenced by our involvement in the on-going development of the SAMREC and SAMVAL codes. We have, thus far, favoured the Canadian National Instrument compliance code as the industry best practise, because of the emphasis embodied in the code on the verification of results.

However, Venmyn has recently found itself riding the horns of a dilemma. The current emphasis amongst the exchanges is for "clear and concise" reporting. The Australian Securities and Investment Commission has gone so far as to state they will reject Prospectus' that are too lengthy or complicated. We heartily embrace this move and have developed a fully compliant, short form Technical Statement to accommodate this trend.

The problem we have encountered is the National Instrument insistence on a report structure that exactly matches their Table of Contents. Venmyn has been successfully reporting on companies with up to fourteen assets, in the format shown in Scenario 1 below. We contextualise the company, its assets, the proposed transaction and relevant country and market profiles under items 1 to 5 and 20 to 26. The individual assets are then described in Items 6 to 19 as a unit.

Recently Canada has rejected such an approach. Some regulators insist that each project be described under each Item as indicated in Scenario 2. Under these circumstances, the continuity of each asset is lost, as one has to page through the report, Item by Item, to garner the data under each Item for that project. In addition to this continuity difficulty, should any material changes occur on a project that requires a filing report, the full documentation for the company has to be resubmitted, as the projects are not dealt with asset by asset. Clearly this structure is not conducive to "clear" reporting.

An alternative proposed by Canadian regulators, is to report on each asset separately, as a fully independent documents with Items 1 through to Item 25 for each asset. In this case annual filing is simplified but nowhere in the documentation is there an overview statement dealing with the nature of any transaction being undertaken and there is considerable repetition of material, for example for assets in similar geological environments the regional and local geology would be repeated for each asset. Such an approach defeats the goal of "concise" reporting.

Venmyn has requested from Canadian regulators urgent decisions on the form and content that is acceptable for compliance but has thus far had no definitive response. Hence we face the dilemma of wishing to adhere to the National Instrument code but being forced into reporting styles that are neither "clear nor concise".

If you have a comment please respond to Fiona Harper, [info@venmyn.com](mailto:info@venmyn.com) or +27 11 783 9903.

Scenario 1					Scenario 2		Scenario 3- Separate Reports			
Item 1	Title Page				Item 1	Asset 1	Item 1	Asset 1	Asset 2	Asset 3
Item 2	Table of Contents					Asset2	Item 2	Asset 1		
Item 3	Summary					Asset 3				
Item 4	Introduction				Item 2	Asset 1	Item 4			
Item 5	Reliance on Other Experts					Asset2	Item 5			
Item 6	Property Description, Location	Asset 1	Asset 2	Asset 3		Asset 3	Item 6			
Item 7	Accessibility etc				Item 3	Asset 1	Item 7			
Item 8						Asset2	Item 8			
Item 10						Asset 3	Item 10			
Item 11					Item 4	Asset 1	Item 11			
Item 12						Asset2	Item 12			
Item 13						Asset 3	Item 13			
Item 14					Item 5	Asset 1	Item 14			
Item 15						Asset2	Item 15			
Item 16						Asset 3	Item 16			
Item 17					Item 6	Asset 1	Item 17			
Item 18						Asset2	Item 18			
Item 19						Asset 3	Item 19			
Item 20	Other Data				Item 7	Asset 1	Item 20			
Item 21	Interpretations and conclusions					Asset2	Item 21			
Item 22	Recommendations					Asset 3	Item 22			
Item 23	References				Item 8	and so on	Item 23			
Item 24	Date and Signature				Item 19		Item 24			
Item 25	Additional Requirements				Item 20		Item 25			
Item 26	Illustrations				Item 21		Item 26			
<ul style="list-style-type: none"> <li>• Overview of transaction clear at beginning</li> <li>• No repetition of information that is applicable to all projects</li> <li>• Continuity of information on each project</li> <li>• Easy to remove sold or dormant projects</li> </ul>					<ul style="list-style-type: none"> <li>• Tedious repetition of data</li> <li>• No overview of individual project</li> <li>• Large repetitive report</li> <li>• Difficult to remove projects</li> </ul>		<ul style="list-style-type: none"> <li>• Continuous reading of projects good</li> <li>• Massive repetition</li> <li>• <b>NO</b> Item for overview of multiple project reports</li> </ul>			