

You are welcome to write as much or as little as you like for the following questions, and of course none are mandatory. If you would like to discuss the intent of any question, please contact rose@satarla.com – they are intended just to provide context and a high-level overview. Your answers will be uploaded to the website and openly available as pre-reading material, with discussion at the event taking place on the assumption that these have been read.

1. Please state the title of your Code / Standard + date of release for current version. (note – if possible, please link or attach a copy of your Code / Standard)

Regulation S–K, Subpart 1300, “Modernization of Property Disclosures for Mining Registrants”. Released on 31 October, 2018, formally adopted on February 25, 2019. The rule amendments provided for a two-year transition period, and became binding for an SEC registrant’s first fiscal year beginning on or after January 1, 2021.

Rule location on SEC website: <https://www.sec.gov/rules/final/2018/33-10570.pdf>
Pdf embed of the rule below.

66344 Federal Register / Vol. 83, No. 246 / Wednesday, December 26, 2018 / Rules and Regulations

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 229, 230, 239, and 249

(Release Nos. 33-10570; 34-64509; File No. 37-10-16)

RIN 2235-AL81

Modernization of Property Disclosures for Mining Registrants

AGENCY: Securities and Exchange Commission.

ACTION: Final rule.

SUMMARY: We are adopting amendments to modernize the property disclosure requirements for mining registrants, and related guidance, currently set forth in Item 102 of Regulation S–K under the Securities Act of 1933 and the Securities Exchange Act of 1934 and in Industry Guide 7. The amendments are intended to provide investors with a more comprehensive understanding of a registrant’s mining properties, which should help them make more informed investment decisions. The amendments also will more closely align the Commission’s disclosure requirements and policies for mining properties with current industry and global regulatory practices and standards. In addition, we are rescinding Industry Guide 7 and relocating the Commission’s mining property disclosure requirements to a new subpart of Regulation S–K.

DATES: *Effective date:* The final rule amendments are effective February 25, 2019, except for the amendments to 17 CFR 229.801(g) and 229.802(g), which will be effective on January 1, 2021.

Compliance date: Registrants engaged in mining operations must comply with the final rule amendments for the first fiscal year beginning on or after January 1, 2021. Industry Guide 7 will remain effective until all registrants are required to comply with the final rules, at which time Industry Guide 7 will be rescinded.

FOR FURTHER INFORMATION CONTACT: Elliot Staffin, Special Counsel, in the Division of Corporation Finance, at (202) 551-3430, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: We are amending 17 CFR 229.102 (“Item 102 of Regulation S–K”) under the Securities Act of 1933 (“Securities Act”)¹ and the Securities Exchange Act of 1934 (“Exchange Act”)² adding new exhibit (96) to 17 CFR 229.601(b) (“Item 601 of Regulation S–K”), adding new 17 CFR

part 229, subpart 229.1300 (“subpart 1300 of Regulation S–K”), amending 17 CFR 230.436 under the Securities Act, amending Form 1–A,³ amending Form 20–F,⁴ and rescinding 17 CFR 229.801(g) and 229.802(g) under the Securities Act and Exchange Act.

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I. Introduction

On June 16, 2016, the Commission proposed revisions to its disclosure requirements and related guidance under the Securities Act and Exchange Act for properties owned or operated by mining companies to provide investors with a more comprehensive understanding of a registrant’s mining properties to help them make more informed investment decisions.⁵ The Commission also proposed to modernize its disclosure requirements and policies for mining properties by more closely aligning them with current industry and global regulatory practices and standards.⁶ The Commission’s disclosure requirements are currently

⁵ See Modernization of Property Disclosures for Mining Registrants, Securities Act Release No. 33-10098 (June 16, 2016) [81 FR 41651] (“Proposing Release”).

⁶ We proposed to modernize our disclosure requirements for mining properties following a request by some industry participants to revise Guide 7. See Petition for Rulemaking from Society for Mining, Metallurgy and Exploration, Inc. to Elizabeth M. Murphy, Secretary, U.S. Securities & Exchange Commission (Oct. 1, 2012), (“SME Petition for Rulemaking”), <http://www.sec.gov/rules/petitions/2012/peta-4-664.pdf>. In accordance with 17 CFR 201.102 (Rule 192 of the Commission’s Rules of Practice), the Secretary of the Commission will notify the petitioners of the action taken by the Commission following the publication of this release in the Federal Register.

¹ 15 U.S.C. 77a of sup.

² 15 U.S.C. 77b of sup.

³ 17 CFR 239.90.

⁴ 17 CFR 249.220f.

The SEC provided an updated Compliance and Interpretations document on April 29, 2020, which included three interpretations relating to SK1300 under Questions 155.01 to 155.03

SEC link:

<https://www.sec.gov/divisions/corpfin/guidance/regs-kinterp.htm#155.01>

<https://www.sec.gov/divisions/corpfin/guidance/regs-kinterp.htm#155.02>

<https://www.sec.gov/divisions/corpfin/guidance/regs-kinterp.htm#155.03>

2. Have you been actively working to improve guidance on reporting of Environment, Social, Governance (ESG) / Sustainability aspects within your Code / Standard? If so, please provide a brief summary of the work that has been / is being / is planned to be carried out.

SK1300 is law, and not a code or standard. It is prepared by and enforced by US Securities and Exchange Commission (SEC) staff. ESG is covered in Chapter 17 of the Technical Report Summary requirements that must be provided for all of the registrant's material properties

(17) Environmental studies, permitting, and plans, negotiations, or agreements with local individuals or groups. Describe the factors pertaining to environmental compliance, permitting, and local individuals or groups, which are related to the project. Include:

- (i) The results of environmental studies (e.g., environmental baseline studies or impact assessments);*
- (ii) Requirements and plans for waste and tailings disposal, site monitoring, and water management during operations and after mine closure;*
- (iii) Project permitting requirements, the status of any permit applications, and any known requirements to post performance or reclamation bonds;*
- (iv) Plans, negotiations, or agreements with local individuals or groups;*
- (v) Mine closure plans, including remediation and reclamation plans, and the associated costs;*
- (vi) The qualified person's opinion on the adequacy of current plans to address any issues related to environmental compliance, permitting, and local individuals or groups; and*
- (vii) Descriptions of any commitments to ensure local procurement and hiring.*

There is no guidance from SEC staff currently publicly available to support registrants in meeting these requirements, other than the preamble in the rule, and the three Compliance and Interpretation FAQs. Little of this is directly relevant to ESG.

The Society for Mining, Metallurgy and Exploration (SME; <https://www.smenet.org/>), headquartered in Denver, CO, actively incorporated ESG matters in the 2017 SME Guide for Reporting Exploration Information, Mineral Resources, and Mineral Reserves (SME Guide)

as Clause 61.

Environmental, Social, and Health and Safety Considerations

61. Reports supporting Mineral Resource and Mineral Reserve estimates should take into account environmental, social (sustainability), and health and safety impacts that are expected during development, operation, and after closure. Past achievements should be used to engage all stakeholders and to plan for continued benefits for all concerned parties.

The Competent Person should review reasonably available and relevant information on environmental, health, permitting, and social or community considerations related to the project and its stage of development. Consideration should be given to include, where relevant a discussion of:

- *a summary of the results of any environmental and/or health studies and a discussion of any environmental issues that could materially impact the Company's ability to extract the Mineral Resources or Mineral Reserves;*
- *requirements and plans for stockpiles, waste and tailings disposal, site monitoring, and water management both during operations and post mine closure;*
- *key project permitting requirements, the status of any such permit applications, and any known requirements to post performance or reclamation bonds;*
- *potential social or stakeholder considerations for the project and the status of any major negotiations or agreements with local communities;*
- *projected mine closure (remediation and reclamation) requirements and costs;*
- *special capital or operating requirements for handling toxic minerals or reagents, as well as other health and industrial hygiene risks; and*
- *if applicable, "Conflict Minerals" should be considered and discussed.*

Unfortunately the SME website is under reconstruction, and the link on the site to the SME Guide is broken.

A copy of the guide is inserted below.

**SME GUIDE FOR REPORTING
EXPLORATION INFORMATION, MINERAL RESOURCES,
AND MINERAL RESERVES**

(The SME Guide)

PREPARED BY:

**THE RESOURCES AND RESERVES COMMITTEE
OF
THE SOCIETY FOR MINING, METALLURGY, AND EXPLORATION, INC.**

AND APPROVED BY:

**THE BOARD OF DIRECTORS
OF
THE SOCIETY FOR MINING, METALLURGY AND EXPLORATION, INC.**

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July 2017

The text in Clause 61 of the SME Guide formed the starting point for the ESG writeup in the latest edition of the CRIRSCO code.

The SME Resources and Reserves committee has a subcommittee that is actively expanding on how the topic of ESG was addressed in the SME Guide. A draft is currently under review.

3. What impact are you having / do you hope to have through the update to your Code / Standard (note – if no updates are in place, please feel free to outline where you feel ESG could have an impact within resources and reserves)?

The SME's intent is to establish a set of practical ESG policies and guidance for the US mining industry

4. Have you / your National Reporting Organisation / any member professional organisation developed any materials (formal or otherwise) that may be useful to other

codes / standards / interested parties? If so, please provide links to them here or provide details on how they can be shared. (please note – if these materials cannot be shared, please feel free to still share knowledge of their existence and a contact person if appropriate).

Contact persons for the SME Resource and Reserve subcommittee are:

Mr Don Hulse: DHulse@GUSTAVSON.COM

Mr Brian Groff: bgroff@groffengineering.com

5. Are you seeking any support / materials / ideas / content from other codes / standards? If so, please outline.

Not currently, but the committee has reviewed all other global codes and tried to align the draft with concepts in those codes. The SAMREC Code in particular was very useful.

The SME is definitely interested in harmonizing the ESG practice guidelines with other national standard setters for preparation and reporting of mineral property information.

6. Any final comments / suggestions re. ESG specifically within resource and reserves codes that you would like to share?

N/A