

The Competent Person



The SAMREC Code (2016) defines a Competent Person as one having a minimum of five years of relevant experience in the style of mineralization or type of deposit under consideration. In addition, a Competent Person must be registered with a professional organization (SACNASP, ECSA, SAGC) or a member or a fellow of a learned society (GSSA, SAIMM, IMSSA) or Recognised Professional Organisation (RPO). These bodies have enforceable disciplinary processes, including the power to suspend or expel a member.

In recent years, the role of the Competent Person has undergone scrutiny regarding the quality of work being presented and whether Competent Persons are overstating their level of relevant competency. Some of the problems identified are as follows:

- Incorrectly claiming relevant competency in a deposit type or situation under consideration
- Poor application of Reasonable Prospects of Eventual Economic Extraction (RPEEE) to justify Mineral Resource classification, and improper classification of Mineral Resources
- Documentation of overly optimistic mining schedules, estimation of capital expenditure, and operating costs
- Overly technically worded technical reports inclusive of sale pitches, unrealistic, or misleading statements;
- Poor reporting of Environmental, Social, and Governance (ESG) issues
- Failure to communicate risks related to mineral deposits and projects adequately and clearly
- Failure to use multidisciplinary technical specialists to improve the quality of the technical report.

Self-assessment of relevant competency is important and is also connected to ethical considerations. Competent Persons must be clearly satisfied in their own minds that they can face their peers and demonstrate competency. The investment community is seeking transparency from Competent Persons, with many calling for the inclusion of detailed CVs to demonstrate a Competent Person's relevant experience.

The application of RPEEE can widely vary between Competent Persons. The Competent Person must consider the geoscientific knowledge and the modifying factors, both technical and economic aspects. The establishment of RPEEE demands an Initial Assessment, not simply an inventory of mineralized material above a stated cut-off grade.

The application of modifying factors in technical studies is critical. The Competent Person must ascertain that the inputs used in technical studies are appropriate and not overly optimistic. It is recommended that technical specialists assist Competent Persons in ensuring all technical inputs are appropriate and realistic, and the associated risks are highlighted. Key inputs include ramp-up schedule, development rates, estimation of mining loss and dilution (*i.e.* estimation of ROM grade), metallurgical recovery factors, price assumptions, operating and capital cost estimates, economic evaluation, and risk identification.

The Competent Person must employ the plain English principle to improve the readability of technical reports so as to benefit investors who lack a scientific background. Other technical reports can be written in such a manner that they resemble a prospectus rather than a technical report. In some cases, material misstatements, omissions, and misrepresentation can occur, either by accident or deliberately. The Competent Person must be diligent in investigating and reporting all material aspects and must conduct sufficient examinations to ensure conditions are as reported by the project owner or registrant. What may not be a 'big deal' to an owner may be material to an investor. Competent Persons must ensure they are not unduly influenced by project owners.

ESG issues have become relevant due to the increasing global awareness of human beings' impacts on our planet. Under the SAMREC Code, ESG issues are considered fundamental contributors to Modifying Factors that play an essential role in determining RPEEE for Mineral Resources and the declaration of Mineral Reserves.

It is important to note that all projects embody risk; therefore, Competent Persons must ensure all material risks are identified and discussed. The days of a single or two-person Competent Persons team are of the past; technical reports require several specialists that should sign off on their specific areas of expertise.

Promoting continuous professional development to ensure Competent Persons are knowledgeable about current reporting trends remains paramount. This is especially important for Competent Persons on operations which may not have internal training programmes.

In the end, Competent Persons must use their professional judgement in providing adequate disclosure of all material aspects, bearing in mind that the 'Competent Person must be clearly satisfied in their minds that they can face their peers and demonstrate competence' (SAMREC, 2016).

Competent Persons must demonstrate a level of ethics. The author is reminded of a quote from Theodore Roosevelt – 'Knowing what's right doesn't mean much unless you do what's right'. Knowing the SAMREC Code is not enough; one must also abide by it.

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