



Mining and Metallurgical Society of America

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Materiality in Regulation - S-K 1300 Technical Reports

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1pm Friday, March 5, 2021
Zoom Webinar

Summary

Annual reports filed with the US Securities and Exchange Commission (SEC) covering any fiscal year that starts on or after January 1, 2021 would have to comply the Commission's new rules on mining property disclosures (Regulation S-K subpart 1300). S-K 1300 requires mining companies to provide certain disclosures about their material mining properties and attach a technical report summary (TRS) prepared by a qualified person as an exhibit, if they are disclosing mineral resources and reserves for the first time or material changes to their previous resource and reserve disclosure. The SEC's rules require that the qualified person include certain information "to the extent the information is material" (17 CFR § 229.601(b)(96)(iii)(B)) and cautioned that the TRS should not contain large amounts of information. Thus, qualified persons should be diligent in defining materiality in relation to TRS to comply and reduce their professional liability. This webinar will discuss the concept of materiality in general and how it applies to S-K 1300 technical report summaries. Participants will learn guiding principles they can apply when preparing technical report summaries.

Kwame Awuah-Offei

Dr. Kwame Awuah-Offei is the Union Pacific & Rocky Mountain Energy Professor in Mining Engineering at Missouri University of Science & Technology (S&T). He holds a PhD in mining engineering from S&T. His research interests include the application of modeling, simulation, and optimization to mining systems and the design and management of sustainable mining systems. In 2015-2016, he served as the mining engineering academic fellow at the Securities & Exchange Commission and later served as expert consultant to the SEC from 2016 to 2018. Dr. Awuah-Offei has nearly 20 years of teaching, research, and industry experience.

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Chat and Questions

(Note: the following questions are not in time order because some are from Chat and some are from Questions. Minor edits were made.)

Douglas Silver: Over half of the public mineral companies are Canadian-domiciled and the Canadian regulators have spent a lot of time interacting with this large group of companies to align the investor and mining company's interests. So what parts of NI43101 did you not include in SK1300? and why?

Sandra Oberkfell: Hycroft?

Douglas Silver: There aren't that many U.S. mining companies.... Most mineral companies listed in the US are either cross listed from Canada (and enjoy 43-101 reciprocity) or very small companies on the pink sheet that hardly ever trade. So Craig Walde is a lot busier than the SEC!

Youssef DAAFI: What precision can we attribute to each category of resources or reserves? Thank you. Knowing that based on geostatistics we can calculate the precision of the estimate but the standards give the QP the possibility of categorization which implies this criterion is not auditable. The idea is how to quantify these intervals and why it is not standardized.

Craig Waldie: Do you have an idea how many technical report summaries have been filed so far on EDGAR?

Dawn Garcia: You mentioned the environmental disclosure. CIM is trying to develop a guidance regarding what are standard or best practices related to environmental. Is there any sort of guidance on environmental or social issues that SEC recommends?

Mark Bowron: Is there a threshold for materiality in terms of % of book value or another corporate financial metric? For example is 1% material?

Marco Carrasco: In the case of cement companies, which are now included in the reports under the new rules. The limestone quarries that are the main source of raw materials will be included in the reports, but what about the properties of other additional materials such as clays, sands, which are used in smaller quantities. Should they be reported with the rigorousness of major materials?

Keith Laskowski: If company A has a property and prepared a TRS on the property, Then Company A sells the property to Company B. Does Company B have to prepare a new TRS? Or is the TRS transferrable?

Marco Carrasco: In the chapter on sample preparation, analysis and security, international best practices are used. My question is, the SEC reporting with new rules consider the mandatory use of an independent laboratory for the estimation of resources and reserves.

Mark Bowron: So the company decides materiality.

Craig Waldie: There are always more mining companies to review than time in the day! Thanks Kwame!

Keith Laskowski: Thank you!

Youssef DAAFI: Thank you very much.

Sandra Oberkfell: Hi, Kwame. I was the "Hycroft" commenter. Interesting presentation. Thank you. (Sandy Oberkfell, Golder)

G. Dante Ramirez Rodriguez: Thanks!

Kwame Awuah-Offei: Thanks, Sandy!

Marco Carrasco: Thank you very much

Laurie Tahija: Thanks

Theresa Nyabeze: Thank you !