

SHORT FORM REPORTS

By Tarryn Orford

The current emphasis amongst exchanges is for “clear and concise” reporting. It is preferred that reports are not too lengthy or complicated. However, what is the global attitude towards short form reporting?

In Australia, The JORC Code places emphasis on clear, concise and effective reporting that contains no extra information but must include any relevant and material information in a transparent way. The Australian Securities and Investment Commission have gone so far as to state that they will reject reports that are too lengthy or complicated. The Johannesburg Stock Exchange (JSE) created the Executive Summary as a short form summary of the main CPR in order to promote disclosure and improve transparency.

The Canadian Securities Administrators (CSA) is currently considering whether to keep, modify or eliminate the short form prospectus trigger for a technical report. It is thought that the requirement to prepare a new technical report imposes extra costs and limits an issuer’s ability to complete these offerings on a timely basis. The current issue is whether the reduced costs to issuers by eliminating this requirement would outweigh the benefit to investors of keeping it. Are the extra costs and delays a significant concern to industry or will investors be disadvantaged if the scientific or technical disclosure in a short form prospectus is not supported by a technical report?

As the CSA points out, the major issues associated with short form reporting remain cost and time. Usually, short form reports are a supplement to the main document for a project. If this is the case, an extra short form report becomes an added cost which will take extra time to prepare. Venmyn fully appreciates that companies are focusing on cash preservation, and that public reporting on a regular basis, while necessary, can be a costly exercise (both in terms of time and money). However, we argue that the value of the report far outweighs the associated costs.

Venmyn’s short form reports are highly graphic, client-branded, investor friendly technical reports that are reviewed by a Competent Person. These short form reports consider all material aspects of reporting and present these in a highly summarised form. These reports detail the most significant aspects of any project, clearly identifying upside potential, highlighting recommendations and identifying fatal flaws. The documents are simple and leave little room for ambiguity or hiding unwanted truths in long, complex reports. These reports are easily readable to both technical and non-technical investors. A standard template also allows different projects to be more easily compared and assessed on a like-vs.-like basis.

We have found that these short form reports or Technical Statements (as we prefer to call them) are becoming increasingly popular in the market and are used as fact sheets, material change statements, investor brochures, executive summaries, and so on. We have developed various spin-off products such as Valuation Statements, Metallurgical Statements and Environmental Statements etc, all of which are fulfilling our clients reporting requirements but reducing the associated costs.

However there is still place for long form reporting. A short form report is a summary of the project and if more information about a project is needed, the full report should be referred to. Investors can read a summary of the report and get a feel for the project but should still read the detailed document.

While there is still a place and need for long form reports, Venmyn feel that these short form reports provide more at less cost, and are often more appropriate. Investor relations should be prominent and disclosure should be a public company’s priority. The emphasis in reporting must remain materiality and relevance while fairness, responsibility, accountability and transparency must not be forgotten.

For more information about short form reporting you can contact Tarryn Orford at tarryn@venmyn.com