

**SAMVAL
MINUTES OF THE SAMVAL RE-WRITE MEETING
HELD ON 25 OCTOBER 2012 AT 9:00am
AT THE MILITARY MUSEUM, DELLVILLE WOOD MEETING ROOM**

Present:

A Macfarlane (Chairman)		
A Kinghorn		G Chunnnett
A de Bruyn		J Luckmann
V Duke		T van Zyl
A Clay		H Bornman
P Motsoeneng		R Croll
S Mathuray		N Steenkamp
D J van Niekerk		L Zindi
M Nicholson		

Apologies:

R Becker		R Davel
B Scott		H Hartman
V Bansi		JG Taylor
J Upshall		G Njowa
A McDonald		S Naicker
K Redman		

In Attendance: **J Dixon (Manager, SAIMM)**

1. Welcome

The chair welcomed all to the meeting.

2. Apologies

Apologies were noted in the register (noted above).

3. Confirmation Minutes of the previous meeting

The minutes of 27 September 2012 were tabled and approved.

4. Matters arising from the previous minutes

Any matters arising will be discussed under each agenda heading.

Independence – there was meant to be a meeting today. It was postponed because Ken Lomborg and Alastair Macfarlane felt in light of the JSE putting their accreditation paper and plans on hold until July 2013, there needs to be extensive preparation for the discussion.

Salient points on GN14 – it was suggested that instead of making suggestions to GN14, the SAMVAL WG should continue with its work, making changes to the SAMVAL code and then show it as an example in comparison to GN14. The SAMVAL WG should lead the process. The WG should not be distracted from its purpose of revising the SAMVAL code. Resolve our own issues then get into a debate that assists other countries.

5. Definitions: position paper

The value definitions have been prioritised and compared in one document. This is a preliminary document and not a position paper. There are a lot of definitions for the same term.

General suggestion: in going forward with the definitions, those definitions that the WG feels strongly about should be dealt with first, while acknowledging that there are many more definitions. The fact

that there are so many definitions should be addressed. The person undertaking valuations, should inform themselves of the various valuations applicable. In the SAMVAL code should highlight those definitions that they consider appropriate but reference other definitions and encourage the valuator to educate himself/herself on other definitions across the board.

To also be considered is whether the definitions are generic definitions or more mineral definition orientated. It was suggested the prioritised value definitions should also indicate to what degree they are a generic definition and what is more a mineral definition. It was agreed though, that the definitions derived by the DWG, should be done so in respect to the SAMCODE above all other codes. The DWG definitions should suits our purposes for the SAMVAL rewrite.

The WG was asked to review the document and see which definitions are missing (in terms of what is out there) that they feel they should add. The deadline is 4 weeks.

The process going forward is to give comment and opinion on the definitions as they are and what is the SAMVAL preferred position.

The WG must keep to the basic fundamental principle – a valuation must be done on a very specific set of assumptions at a very specific point in time, and it is the assumptions itself that we must not forget because the assumptions form the basis of the modifying factors.

Date for submissions: 1 month.

The work completed for scope and principles and values will also need to be cross-referenced and where needed, definitions from this work will also be included in the code.

6. Principles: position paper update

The P&VWG submitted an updated paper. Independence has been removed. The wording has also been amended.

The structure aims to indicate how principles and values will impact on the CP, the process of producing the document and lastly, what type of product or output is finally generated.

This paper has been circulated before and needs to be signed off. The WG asked for more evidence on the assumptions and the basis for the assumptions

Is the committee happy with the structure? Yes – now the group will produce definitions of the principles. Starting with objectivity, transparency, materiality and alignment with purpose. Then the values. This will then fit into the definitions WG. Considering the latest JORC code may also be useful.

7. Competent Valuator WG

The CVWG met yesterday with the purpose of deciding on the process to complete the work. The first point of call was to determine the terms of reference which was done. Following this would be to define the profile of the Competent Valuator based on the scope of the Valuator's work and the scope of SAMVAL. The next stage would be to define the regulatory requirements and statutory requirements if necessary. Define the competency requirements then on this profile and to consult with the various regulatory bodies ie ECSA, SACNASP, PLATO, SAICA and SA Council of Valuers and to see where we stand with them. Research international benchmarks like IVSC/RICS/VALMIN/AIMA and that to a large extent has already been done. Then to define the regulatory requirements, consider the issues of the code of ethics and disciplinary procedure.

The JSE put their position paper on hold to give industry time to put their own process in place. They deadline for this is July 2013. This indicates a need for the CVWG to move swiftly to get the process/plan on paper in time to meet the deadline. If the deadline is not met, the JSE will revive their paper.

8. IMVAL report back

This group has lost momentum. Alastair Macfarlane will arrange a conference call to discuss this matter.

9. IVSC submission

Comments were due on the 15th of October and a paper was sent via the SSC.

10. New item: Valuation of Inferred Resources

This item was deferred in order to address other agenda items.

11. Independence

Discussed in point 7 above.

12. SAMVAL re-write schedule

We will discuss this at the next meeting.

13. General.

RICS have opened an office in Johannesburg. SAMVAL will extend an invite to them to join in the SAMVAL meetings.

Corporate reporting: The SAMVAL Code stipulates what should be in an annual report and what is classified as an annual report. At present there doesn't seem to be any companies complying with SAMVAL valuation. The listing requirements of the JSE do not require an annual valuation. SAMVAL, the way it reads at present, does require an annual valuation.

SAMVAL WG has been reconstituted to work on a re-write of the SAMVAL Code to ensure that it is consistent with the international practices for valuing mineral assets. The preparation and recommendations we are making are of a standard that could be incorporated into the IVSC as a companion policy to real estate and could be recognised by accountants. The SAMVAL code would run in parallel and under the same umbrella body. If that is the case, it would be a short walk for IVSC and IFRS to recognize it as a standard and write their own standard accordingly. The WG agreed they are happy with the direction in which they are heading if that direction is what is described above.

The WG would need to relook at their mandate.

Next meeting – 09:00 on the 29 November 2012 (joint meeting)