

**MINUTES OF THE
SAMREC/SAMVAL WORKING GROUP**
MEETING HELD ON 04 August 2011 AT 13h30
THE CHAMBER OF MINES BUILDING, 6^H FLOOR, Room 607

PRESENT:

R Croll (Chair in the place of A Moyes)

A Clay	T Marshall
A Macdonald	E Takolia
J Odendaal	J Visser
K Lomborg	P Grabe
P White	S Repprecht
R Davel	

APOLOGIES/ABSENT:

A Macfarlane	A de Bruyn	
B Mills	K van der Merwe	
K Rayner	A Moyes (Chair)	
K Redman	D Dingemans	G
Norton	M McWha	
P Robinson	R Dixon	
J Witley		

IN ATTENDANCE:

R van der Berg
J Carpenter

Welcome

In the absence of the current chairperson, Mr Croll chaired the meeting.

Ratification of the minutes of the previous meeting

The minutes of the previous meeting were accepted with no errors, amendments or changes noted.

Matters arising from the minutes

None dealt with at this meeting.

Election of a new chairperson

Nomination: R Croll. Mr Croll was duly elected chair of the SSC WG Committee.

In response to a question asked by Mr Clay which reflected on the fact that previous Chairmen were aware that they may be leaving the country but did not disclose this fact so that issues of continuity of leadership could not be ascertained. Mr Croll stated that he has no intention of leaving South Africa and is thus available as chair for the long-term.

Continuation of the discussion on the paper on Inferred Mineral Resources

Debates 1, 2a and 2b: All clauses are accepted as contained in the document (SSC Working Group Minutes, 26 May 2011 – general discussion and debate). AC will update the clauses accordingly and forward to the Julie Dixon for posting on the SAIMM website and for submission to the SSC to go to CRIRSCO **Action: AC and JD**

Debate 3a:

Recommendation of the WG: the clause as tabled as Debate 3 is reasonable but needs clarification on what constitutes “modifying factors”. No consensus of opinion on debate 3a could be reached. However, the following question is fundamental:

How does one define “reasonable economic assumption”? AC will raise this question at the next SAMVAL WG meeting on 18th September 2011.

Debate 3a: including wording to the effect “retract that part of the resource that is not economically viable....” AC will finalise the writing of the clause. **Action: AC and JD**

Debate 4:

The sub-working group could not reach consensus of opinion on Debate 4.

On the question of confidence limits – the WG agreed that no change will take place for the current definition of inferred mineral resources.

AC **strongly** objected to the fact that confidence limits will not be part of an international debate as to the validity of their inclusion into the definition of inferred minerals. It was explained by AC that the Inferred Resources WG had prepared the submission under review in the year prior to final approval of September 2009 and that this issue was approved then. On reflection the majority of that sub WG are present at this meeting which has now voted unanimously to reject it.

RD supported AC in this matter and pointed out that the reason for the debate had been as a result of the Convergence Process started by IFRS in conjunction with CRIRSCO whereby the fact that Oil and Gas uses confidence limits and the Minerals industry does not is an issue.

Debate 5:

The views of the SSC Working Group endorsed the Debate 5 clause – metal prices used in calculations and underlying costs involved be disclosed.

AC will finalise the working paper and distribute to all. **Action: AC and JD**

SL made an impassioned comment about the fact that the SAMREC Code should be specifically orientated towards the scientific aspects of geology and technical issues of defining quality and quality and that the accounting profession should not be allowed to unduly influence the SAMREC Code. AC responded that unfortunately there were unintended consequences that arose from the reliance on the resource quantities and the accounting profession have always been seen as professional allies in these matters and not enemies. RD endorsed this sentiment but was prepared to leave the meeting if necessary. AC held him back. (Edit at will!!)

General

SAMVAL Workshop:

RC noted that on 23 September 2011 there will be a one-day workshop on SAMVAL, hosted by the SAIMM. The intention of the workshop is to get a variety of speakers to cover SAMVAL from differing points of view. An open session will be held whereby comment and questions will be invited from the floor.

Potential topic for inclusion into the workshop: National Instrument 43-101.

Comments on the rewrite of the SAMVAL Code:

It was suggested, and agreed to, that when the rewrite of the Code takes place focus must be kept on those issues which have received criticisms and matters that have led to the lack of recognition and reliance on mineral asset valuations by Competent Valuers purporting to use the SAMVAL Code. AC recommended that by identifying these issues and concerns appropriate responses could be formulated to establish a basis to re-write the SAMVAL Code. In this regard, and amongst many other issues, the matter of Inferred Resources has proven to be a major stumbling block. RD commented that the perspective of the banking/accounting sectors must also be carefully considered when doing the rewrite.

Date of next meeting

To be confirmed.

Items still to be debated and concluded:

The compulsory registration of CPs/CVs.

Independence of CPs/CVs in terms of the role of the JSE.

Exploration Results.

The meeting concluded at 15h13.