

**SAMVAL
MINUTES OF THE SAMVAL RE-WRITE MEETING
HELD ON 28 FEBRUARY 2013 2012 AT 8:30am
AT THE MILITARY MUSEUM, DELLVILLE WOOD MEETING ROOM**

Present:	A Macfarlane (Chairman)	
	J E McGill	J Luckmann
	R Davel	C Musingwini
	A McDonald	G Njowa
	A de Bruyn	J Botha
	J Upshall	K Redman
Apologies:	A van Zyl	M Mattera
	R Croll	V Duke
	M Mokitimi	M Ingham
	A Clay	L Zindi
	G Chunnnett	D J van Niekerk
	R Becker	H Bornman
	NJ Odendaal	N Steenkamp
	T Marshall	V Clark –Mostert
	V Bansi	B Scott
	S Mathuray	
In Attendance:	J Dixon (Manager, SAIMM)	

1. Welcome

The chair welcomed all to the meeting.

2. Minutes of the previous meeting

The minutes from the previous meeting of 31 January 2013 were tabled subject to the correction on page 2, 4th paragraph under point 6; it should read SAICA and not SAICE and page 2, 2nd paragraph under point 6: it should read Dirk van Niekerk and not Dirk can Niekerk. Last sentence on page 2 should read "...Oil and Gas should **be** a third code" (not **for**).

3. Matters arising from the previous minutes

Oil and Gas: it was decided that there would be a third code in the suite of codes. It was felt that SAMVAL, from a valuation perspective refers to valuation of oil and gas as well as minerals and where there are differences in terms of classifications of resources and reserves between solid minerals and oil and gas, which need to be differentiated, SAMVAL would be applied. When it comes to valuations, the principals are the same. This will be discussed further by the SAMVAL WG in light of the amendments/review of the code. The competency group will be asked to consider, within the definition of competency, that this is included.

4. Finalisation of scope

No further work required for this matter.

5. Finalisation of Definitions

The DWG met with the Principles Group to finalise the various value definitions highlighted by the main WG. The main Principle concepts have been defined. The main Scope concepts will also be defined. The final paper should be ready within the next 2 weeks for review by the SAMVAL WG before the next meeting. Action: Scope, Principles and Definitions work group

The draft IMVAL code has been circulated. Trevor Ellis presented it to the SME and they have had a debate about it. They have commented and made recommended changes. Their emphasis is much more towards VS alignment. Essentially they recommend that the IVSC's current international valuation standard, version 2011, be used as it would provide guidance and is the broad framework for generally accepted valuation principles which could then form the foundation for national codes. These would then be at the level that national enforceability is actioned and defined.

6. Finalisation of Principles

As detailed above.

7. Approvals by SSC

The meeting with ECSA, PLATO, GSSA and SACNASP was held to discuss accreditation. It was agreed that the JSE's list would not be a viable solution as lists become outdated. The maintenance of the list is the main issue, it would be too difficult. SACNASP offered to create a new category of membership, an associate membership, to cover those individuals that don't meet the usual specific requirements to be a SACNASP member, competent mineral asset valuator would fall into this category.

It was suggested that once the Competent Valuator Group completes their work, a second meeting should be reconvened with the abovementioned groups, as well as the Council of Valuers to discuss the matter again.

8. Process to follow with editing /review of SAMVAL Code

It was suggested that once the three position papers on scope, principles and definitions are finished, a small committee be formed to format and integrate all three papers. The possibility of commissioning/outsourcing to another independent person to complete the formatting, someone more removed from the process was suggested. The person will be able to dedicate themselves fulltime to it.

It was agreed that the WG does not want to start the process from the beginning. There has been a considerable amount of work hours and intellectual capital already put into the code, and it would be pointless starting the process from the beginning. Items should be amended or added to the existing SAMVAL code.

For the next meeting, there should be an agenda item which is the structure and format of the revised code but using the existing code as the base. Then a WG will be established (with one or two members from each subgroup, including the CV WG) with a mandate to condense the work from each group appropriately so that it can be slotted into the code. Then someone will be engaged to fit the entire body of work together into one coherent document.

The format of the three codes needs to be similar, as they are set up now. Cross references must be correct and the codes in general must be legally enforceable.

Another issue to consider is advocacy. At the SSC this was debated, the question being raised as the SAMREC WG is going through a similar process of position papers in order to ultimately complete a rewrite. The question was then raised at SSC whether there would be a re-write of SAMREC. Answer was yes as it is the right time to do it with all the work being completed on it. The next question was then on advocacy – how will the group make sure the process is all-inclusive? If it is placed on the website, and a request for comments is made, there may be a flood of information and comments that will cripple the progress.

The SAMVAL process differs. It started from an open meeting and received comments at that stage and drew a list of priorities to work on. This will eventually lead to one document and once that document is finished, it will be put out for comment. That was accepted as the SAMVAL process.

The original process did generate a list of factors, from which three were prioritised. It was suggested that the original list be resurrected and consideration be given to the other factors. A revisit to original factors to be put on to the next agenda: review of original mandate from public meeting.

9. Report back of Competency Sub-group.

The group has been working through a structure process and making progress. It started with a Terms of Reference and the definition of a CV. The tasks and profile of a CV were established. The next step will be to establish the competencies of the CV and the legal framework for a register, that is, the regulatory environment – after this the group will engage with the various statutory bodies and ask if they are able to create a class of registration dealing with this and the necessary discipline that may be required.

The work done to date will be circulated to the WG.

10. Report back: Valuation of Inferred Resources

At the last meeting there was a discussion on the valuation of inferred resources. A paper was tabled on the format of reporting of inferred resources. It was agreed that there is a second paper on the valuation of inferred resources that is needed for discussion. The current paper is not applicable to the questions raised at the last meeting.

It was suggested that in light of the re-write and discussions around this topic, that a paragraph be drafted around these topics that talks to these caveats and the reliance on technical experts for the valuation of inferred resources where that is required to be done. The intention is not to outlaw it like the Hong Kong exchange because it is felt that it may be necessary. However, under the circumstances where there is a need for valuation of inferred resources, there needs to be guidance and how to deal with the uncertainty.

Action: Andy Clay, Godknows Njowa, Cuthbert Musingwini and Julian Upshall were asked to look into this.

It was also asked that the Competency Work group be asked to double check the issue of how much knowledge or competency is required to be able to assess the competency of the technical experts reports that are given.

11. Valuation event: Sub-Committee membership

Through the SAIMM, there will be an international event similar to the VALMIN seminars held in Australia. It is planned for November. It will be a structured event. It would be ideal if it could be used be used as a vehicle to launch the revised SAMVAL code and present the various position papers there to show the amount of deliberation that has gone on behind the amendments. It will also be an opportunity to launch the IMVAL code which would mean that there would be international speakers too. They will be able to present on the status of their codes at the same time. Andrew Macfarlane, Cuthbert Musingwini, Andrew Kinghorn, Dirk van Niekerk (tentative) and Godknows Njowa have volunteered to be on this committee. It will essentially be a SAMVAL WG committee.

12. Reliance on technical experts for oil and Gas.

The SSC have mandated the Oil and Gas group to define the competence requirements for the code.

13. International report back

- A) IMVAL – the draft code was circulated to the IMVAL committee for comment. There was not a large amount of feedback. Trevor Ellis did reply and reported that the SME valuations committee, together with AIMA met in Denver and they discussed the first draft of the IMVAL code. It was suggested that the document is not close enough to the IVS ie the IMVAL document should be more like the IVS and broader purpose is needed, it needs to be not just for security exchanges and public reports but should also apply to private reports, government

documents, insurance claims etc. The scope is not wide enough. Broader guidance by asset type is needed, the guidance provided is almost exclusive to the valuation of mineral property. Consent requirements are too limiting.

What he proposed was that the SME valuation standards committee be given the opportunity to develop the second draft of the IMVAL framework code so that they can help produce a version that is acceptable to SME to adopt as the valuation standard for North America and global use for SME members.

Alastair Macfarlane to get input from IMVAL group on this before proceeding

- B) VALMIN – nothing to report
- C) IVSC – stuck on bureaucratic issues at the moment
- D) IASB – new chairman.

SUMMARY OF KEY ACTION ITEMS
Scope, Principles and Definitions WG
Define main concepts within dominion of work
Andy Clay, Godknows Njowa, Cuthbert Musingwini and Julian Upshall
Consider and draft a paragraph on the valuation of inferred resources.