

**SAMVAL
MINUTES OF THE SAMVAL RE-WRITE MEETING
HELD ON 5 JUNE 2013 2012 AT 09:00
AT THE CSIR CMI, CARLOW ROAD, MELVILLE**

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|-----------------------|----------------------------------|------------------------|
| Present: | A S Macfarlane (Chairman) | |
| | R Becker | J Luckmann |
| | R C Croll | M J Martinson |
| | A M de Bruyn | B Scott |
| | V G Duke | D J van Niekerk |
| | A Kinghorn | A van Zyl |
| Apologies: | M Austin | M Mokitimi |
| | A N Clay | M Nicholson |
| | J Botha | N J Odendaal |
| | R Davel | K Redman |
| | C Hudson | N Steenkamp |
| | T R Marshall | E Takolia |
| | S Mathuray | J G Taylor |
| | J E McGill | I Wermuth |
| In Attendance: | S Moolla (Manager, SAIMM) | |

1. Welcome

Mr Macfarlane welcomed all to the meeting and advised that the main focus of the meeting was to look at how to go forward with the review process, report back from the various groups and the matrix of outstanding comments.

2. Minutes of the previous meeting

The minutes of the meeting held on 25 April 2013 were tabled and accepted subject to the following corrections:

Page 3, Minute 9, paragraph: specific category should read “**specified** category”

Page 3, Minute 9, paragraph 4: Mr van Niekerk queried what the sentence “Ms Redman advised that there would have a problem registering with SAICA and SACNASP” meant. Ms Moolla advised that she was referring to dual membership.

Page 3, Minutes 9 paragraph 9: The Chairman requested that the paragraph “SACNASP has mentioned that by creating a register it went against legislation as it would be seen as keeping other people out of work” be deleted as it could cause confusion.

3. Matters arising from the previous minutes

Valuation of Inferred Resources: At a previous 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 meeting. As Messrs Clay, Njowa, Musingwini and Upshall were not present this matter would be carried over to the next meeting. Mr Macfarlane requested Ms Moolla to contact Mr Clay or Mr Njowa to request progress on this.

Finalisation of definitions: Mr Macfarlane requested Mr Duke to assist in getting this finalised as it had been on the minutes for a while now. Mr Duke agreed to do this.

4. Finalisation of papers

a. Scope

There was no further work required on this matter.

b. Definitions

This had already been discussed.

c. Principles

There was no discussion.

5. Review process

Mr Croll confirmed that he had volunteered to set up the first meeting of the Editorial Committee. The chairperson had not been confirmed. Other committee members would be:

Scope – Julian Upshall/Jeannette McGill

Definition – Andy McDonald

Competency – Dirk van Niekerk

Principles – Vaughn Duke/Bretton Scott

Oil and Gas – Andy Clay

Mr Riaan Davel and Ms Annalie de Bruyn would also serve on the committee.

The three critical items were”

- Matrix of issues
- Structure
- Terms of reference for the Editorial Committee

The terms of reference for the Editorial Committee were:

- Incorporate the position papers on scope, definitions, principles and competency (only take what is sufficient and practical)
- Consider structure (should the existing structure be maintained)
- Focus on content
- Editing process
- Take into account other issues

Mr Croll requested that Ms Moolla send him the latest version of the SAMVAL Code in a Word format. Mr Macfarlane stated that he had used SAMVAL 2008, VALMIN, CIMVAL, GN14, and the current IVSC which were all completely different.

Mr Croll questioned whether the history should be kept. CIMCAL, VALMIN and GN14 had all kept the history. Other questions raised were whether to show the definitions at the beginning or at the end; whether the glossary should be upfront, in the middle or at the end; Ms de Bruyn was of the opinion that it should align with SAMREC. The Editorial Committee would discuss these points further, but it was agreed that the definitions/references should be at the end.

Mr Macfarlane explained the differences between CRIRSCO and IMVAL. After due deliberation it was agreed that the Editorial Committee must debate what was included in the Code and what linkages to other Codes needed to be considered. Mr van Niekerk reiterated that if a standard was included in the Code it could be a problem, but if it was used as a guideline it was not prescriptive. Mr Macfarlane agreed that the SAMVAL Code needed to reference across to SAMREC regarding the definition of resources and reserves. Mr Croll stated that stating that we rely on SAMREC as we have close ties with it should be taken under review. It was felt that the Code must be put together so that the writer of a report had a structure that would be used by a Reader.

6. Report back: Competency Sub-group

Mr van Niekerk reported that the committee had agreed on the principles to move forward. Minor amendments would be made and a covering letter would be attached to it for distribution requesting comment. Thereafter there would be final comments and ratification which would be channelled through the SSC.

Mr Macfarlane stated that it had been agreed that statutory registration was necessary for the competent mineral valuator and it was important to go back to the SAIMM and GSSA to advise them that their membership did not stand up to this requirement. He advised that it was necessary to engage with ECSA, PLATO, SACNASP, IV SAICA and the JSE and a letter had been sent to all of them to advise them of this and to request feedback on whether they had the capacity to deal with registration of a competent valuator; whether they had the capacity and the competence to deal with disciplinary issues and investigations; whether they wanted to create a sub-class of membership and the correct term for that registration category. These questions would be raised in the collective forum.

The one area that was uncertain was PLATO in terms of the new Geomatics Council. He explained what had transpired with the new Bill being passed and advised that the Chamber of Mines, SAIMM and SSC would be sending letters to the Portfolio Committee in support of PLATO. He added that the mine surveyors wanted to get closer to a home that looked at their involvement in the mining industry. He requested Ms Moolla to send the invitation to the workshop to IMSSA as well.

The trail of activity would be as follows”

- Finalise the position paper
- Circulate within this group (in parallel with Competency working group)
- Receive comments urgently (it was not necessary to wait for the next meeting of the Competency working group)
- Official position paper through the SSC
- Need mandate from the SSC as soon as possible (round-robin as we could not wait for their next meeting)

Mr Becker stated that we would not meet the JSE deadline, to which Ms de Bruyn replied that the JSE would not have a problem with this. As long as we had a plan in place it was not necessary to have the process in place by the deadline. She added that if the position paper was received by the JSE they could look at it and if it was going in the right direction they could accept it. If it was going in the right direction the JSE would hold back on their process.

7. Report back: Valuation of inferred resources

There was no discussion.

8. Valuation event: Sub-committee membership

Mr Macfarlane advised that the committee comprised himself, Mr van Niekerk and Mr Kinghorn. They had held their first meeting and put together the structure and the flyer. The event was planned for the 2 – 3 December and was structured as a quasi-international event. Mr Croll cautioned that the Mines and Money event was scheduled for 1 – 5 December and there could be a possible clash which could result in registrations being low. The structure of the event was as follows:

Day 1 – Launch of IMVAL

- International Mineral Asset Valuation guideline
- Various international papers (possibly from London, Australia and Canada)
- Will chase up London for ISB and IVSC

Day 2 – Workshop day

- International issues and panel discussion in the morning
- Local SAMVAL based issues to be discussed in the afternoon

Day 3 – Launch of the revised SAMVAL Code

9. Matrix of outstanding questions/issues

Mr Macfarlane had discussed the matrix at the previous meeting. He explained the key that had been used to identify the status of each comment.

- Principles – Dealt with all except “just and equitable”. This still needed to be considered.
- Scope – Dealing with rights so this needed to be looked at.
- Mr Croll stated that the wording of “value of contracts” needed to be looked at.
- Integrated report – there was no position paper on this and the expectation of the CV was discussed. Mr Duke stated that it would depend on the mandate received from companies; this was a guidance issue and not a principle.
- Independence – most of the comments had been sorted.
- Definitions – define internal/external valuers. As there was a difference of opinion this needed to be included.
- Tale 2 – needed clarity and there were editing issues.
- Range of values – should this be included. This only applied when a comparative range of values was being done. Mr Macfarlane queried whether it should be referred to as a range or a specific value. Mr Duke advised that the purpose would decide the definition. It was good practice to provide clarity. Mr Macfarlane stated that it was a red herring that cropped up continuously and the risks associated with a number needed to be defined.
- Value of inferred – this was still a work in progress and Mr Clay had been requested to look at this.
- Competency – the sub-working group would look at this to see what had not been covered.

Mr van Niekerk added that if any of the comments were rejected, a reason should be added next to it explaining why it had been done.

All working group members were requested to look at Mr Macfarlane’s document and see if there was anything that needed to be discussed.

Mr van Niekerk advised that Registration on line 50/51 should read Regulation.

Mr Croll reported that the SAMREC working group were planning to meet with the DMR and he proposed that the SAMVAL working group should be a part of the meeting. Agreed.

10. International report back

IMVAL

Mr Macfarlane reported that he had received a draft from the Canadians which was very restrictive and that there was a serious difference of opinion across the globe. The Australians did not want a prescriptive Code. The Canadians mirrored CIMVAL which was too narrow and prescriptive. We had said that we agree with the Australians. He added that he, Mr Clay, and Mr Njowa would go through the various documents.

There being no further matters to discuss, the meeting ended at 10:57.

| SUMMARY OF KEY ACTION ITEMS |
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| Vaughn Duke to follow up with the Scope, Principles and Definitions WG Follow up on finalised paper |
| Andy Clay, Godknows Njowa, Cuthbert Musingwini and Julian Upshall Consider and draft a paragraph on the valuation of inferred resources. Ms Moolla to follow up on this. |
| SAMVAL Re-write working group Move forward with editing /review of SAMVAL Code |
| Rob Croll To convene Editorial Committee |

Competency Sub-group

Finalise paper for definition of competent valuer

Alastair Macfarlane

Arrange workshop for statutory bodies