

SAMVAL

MINUTES OF THE SAMVAL REWRITE COMMITTEE MEETING

06 DECEMBER 2011 AT 14H00

HELD AT THE MILITARY MUSEUM

Present:

A Macfarlane (Chairman)

A Smith	A Macdonald
A de Bruyn	B Swanepoel
B Scott	D de Wit
J McGill	E Takolia
G Njowa	G Chunnnett
H Bornman	H Hartman
I Wemuth	J Odendaal
J Luckmann	J Upshall
A Dougall	L Moodley
K Redman	P Janisch
R Becker	S Mathuray
S Kadzvifi	S Naiker
T van Zyl	V Duke

Apologies:

A Clegg	A Clay
A de Bruyn	D Dingermans
D Freeman	D van Niekerk
G Quaye	B Meulenbeld
J Visser	G Smith
G Butler	M Martinson
M Mattera	V Bansi

In Attendance:

J Dixon (Manager, SAIMM)

J Carpenter (Recordist and minute-taker)

1. Welcome

AMcF welcomed all to the meeting.

2. Background to SAMVAL and the Code

The SAMVAL Working Group (WG) has identified the need to revise the SAMVAL Code. Australia has a similar code, the VALMIN Code, which it is currently revising making it now an ideal time for SAMVAL to undertake its revision and rewrite. One notable difference between VALMIN and SAMREC is that, unlike SAMREC, the VALMIN code has no link to its stock exchange's listing processes thus limiting its enforceability.

Canada, likewise, has its code, CIMVAL, which is also undergoing revision and a rewrite. The CIMVAL code too has no link to the Canadian stock exchange which limits its enforceability.

The International Valuation Standards Committee (IVSC) has its own governing code, GM14. The Council of Valuers of South Africa and the South African Institute of Valuers are bound by this code.

3. International Valuation Code Liaison

There is a high level of concern in both Australia and Canada over the lack of order and enforceability of their respective codes and both would like to see a harmonisation of their codes with others, including SAMVAL. The overarching achievement on the part of all codes is to achieve as close as possible alignment with each other so that an enforceable system of governance on valuations can be implemented.

The SAIMM is concerned that there is no global harmonisation within the various codes. VALMIN, CIMVAL and SAMVAL are principles-based with materiality, competence and transparency being the three elements which are common to all three codes but it is here that the similarities stop.

CAMRA is a new code which is being developed in China (no details are available on the internet). Additionally, some developments are happening in South America as well as Russia although at this stage no details are known.

In an effort to find common ground between all the codes an approach was made by SAMVAL to CRIRSCO to determine if it would be willing to be an umbrella body for valuation codes. CRIRSCO's response was negative; it sees its role as purely being in the reporting of resources and reserves. CRIRSCO stated that valuation bodies must construct their own overarching body which CRIRSCO will support. Accordingly approaches were made to a variety of professional valuation entities and the response has been overwhelmingly positive with all parties interested in establishing a global overarching body with the nominated leader in this being the SAIMM.

The first priority to be undertaken is to define the word "value" (what is fair value, fair market value, technical value, intrinsic value etc.) A process has been established to take the definition of "value" to an acceptable conclusion.

4. Identifying the main issues to be dealt with in the rewrite and their priority

The top three priority areas are:

1. Critical definitions (to be finliased by Andy Macdonald [co-ordinator], Andre Dougall, Ivan Wemuth, John Luckeman)
2. Principles (Ibrahim Takolia, Vaughan Duke, Bretton Scott, Andy Macdonald, Godknows Njowa)
3. Scope (Godknows Njowa, Julian Upshall , JeanetteMcGill , Hannes Bornman)

Each group must come back with;

- A position paper stating the position SAMVAL can adopt and how far does this position go with commodities, the uses of valuations and the purposes of the valuations?

Timeline within which a position on the above must be reached: **End February 2012.**

A legal test on what is already written into the SAMVAL Code **must** be done to ensure that the Code, as it stands, can hold its own in court.

5. Determine a process by which the items identified in 4 above will be resolved

Noted above.

6. Alternative member on SSC

The SAMREC/SAMVAL Committee (SSC) give both the SAMREC working group and the SAMVAL working group their mandates. An alternative representative (alternate to AMcF) has to be appointed. Godknows Njowa was elected as the alternative rep on the SSC.

7. Membership of JSE Readers Panel

Not discussed.

8. Membership of IVSC Extractive Industries Project team (EIPT)

The IVSC EIPT has been reconstituted and has asked the SAIMM and GSSA to be represented on its committee. The response from the SAIMM and GSSA was positive and the process of nominating a representative is underway.

9. Dates/deadlines for SAMVAL review

To be confirmed by the SAIMM manager.

10. General

Nothing noted,.

SUMMARY OF KEY ACTION ITEMS

The three volunteer groups addressing the three priority areas must report back to the SAMVAL WG by end February 2012