



#### **4. KEY ACTION ITEMS**

Ms Redman advised that she had had no comments or feedback on the IMVAL template from any members.

Mr van der Berg confirmed that the SSC consultation paper had been circulated to all members and work had commenced in this regard.

Mr Clay advised that, communicating through to Oil & Gas, he would be pointing out some of the difficulties experienced and identified in the valuation of Oil & Gas projects. He pointed out the difficulties in SA and Canada, in that the valuation principles for Oil & Gas were scoped out separately from minerals. He would be presenting his recommendations to the SSC meeting that these be split. Ms Redman reported that, with the IMVAL template, this was put out for the year, with the idea that during the year, comments would be received and an updated draft issued. Any comments needed to be sent through to IMVAL. She suggested that there should be a co-ordinated response from the SAMVAL Committee on the recommendations and that Mr Clay's input would be very valuable. In response to Mr Clay's question on whether this should go through SAMVAL or the SSC, Mr Macfarlane responded that it would need to be mandated through the SSC. Ms Redman requested Mr Clay to recommend that course of action to the SSC at their meeting. Mr Clay's recommendation was not to refer to Oil & Gas in the IMVAL Code, pending further consultation with the SAMVAL Committee. Some discussion followed on who was represented on the SAMOG Committee. Mr Clay highlighted some of the difficulties of having Oil & Gas in the SAMVAL Code, e.g. "If not/why not?" element. Another suggestion to Mr Bill Roscoe would be to have Oil & Gas representatives on the IMVAL Committee in order for it to be fully representative. Ms Redman believed Mr Clay should present this to the SAMVAL Committee at the first meeting in 2017. In response to a protocol concern from Mr Croll, Ms Redman believed that, from the point of view of getting feedback, Mr Clay (as Chairman of the SAMOG Committee) was the best person to present this to the SSC. To this end, she requested Mr Clay to give SAMVAL a presentation of the issues and, once Mr Clay came up with what he was sending to IMVAL, Ms Redman confirmed that SAMVAL would like sight of that. Mr Croll was concerned about the governance issues of things going to IMVAL with SAMVAL as reference if SAMVAL was not cited.

**Action: Andy Clay**

Ms Redman suggested that a SAMVAL representative be on any sub-committee set up by Mr Clay and asked for volunteers willing to sit on such committees. Mr Clay advised that the Minerals Working Club had held a meeting and he believed there was a split of interests; with the Club and SAMVAL having separate deliberations. He felt that everybody should be working together. He was concerned that much of the work done on SAMVAL was being unscrambled. Ms Redman responded that that had not been the intention; SAMVAL had a specific mandate and the Club was an association of people with like interests. It was agreed to take that discussion offline.

Ms Redman advised Mr Clay that there were two issues: Oil & Gas and "parked" issues. The priority was to deal with the parked issues under SAMVAL. These would be two agenda items for discussion at the same meeting. It was agreed that the Minerals Working Club should be advised of this.

Mr Clay provided some background on the Club, which had been formed by Mr Craig Hutton, who spoke to various valuers to discuss how to get together informally to put common issues on the table and make decisions. Mr Hutton had been quite forthright in preparing papers on these issues. Mr Clay attended on the basis of, from a SAMVAL Valuers' point of view, to understand what the problems were. This was an open and transparent forum and he had not understood the need for a separate forum. It was agreed to meet on an informal basis before deciding on ratification of the group. Ms Redman advised that this was covered under Item 7 of the previous minutes.

Mr Macfarlane advised that, when the Club initially started, it was not about valuations; it was about mineral economists who wanted to get together. It had ballooned and there were now three different areas. Ms Redman's belief was that the agreement was that the problem with Mr Solomon's group was that some of the members were unaware of the Minerals Economics Division as sub-system of the SAIMM. It was initially set up in order to write a paper around the nationalisation of mines. Since then, the group had not been an active division of the SAIMM. The informal group did not want to go the formal route, because it involved registration and many people in the informal group would not qualify for membership of the SAIMM. She believed that this should be a joint association between SAIMM and GSSA. It was recommended that a letter be sent to SAIMM/GSSA, via the SSC, suggesting that this should become a division of both organisations in order to avoid duplicating membership. Mr Clay responded that it had been raised previously by Messrs Dixon and Davies that there were legal consequences to an informal group getting together and making decisions. It had been decided that the best thing was to organise it officially as an "association" under either one of those umbrellas (or both). A lengthy discussion followed on the merits, value and objectives of the forum.

A question was raised as to why SAMVAL was not the type of forum where ideas could be put forward and discussed. Ms Redman countered that the SAMVAL mandate was to write the Code, which Mr Clay believed was why the parked issues were not being dealt with. Over the past few years, the Committee had been primarily focussed on getting the regulatory framework right. Mr Clay stated that the paper presented by Mr MacDonald had been very useful and should be shared. Ms Redman responded that the paper presented had been shared with members of the Committee who had attended the SAMVAL launch.

The primary focus in the previous year had been to get the Codes launched and the Committee was now starting to get feedback on the Code. Mr Clay suggested that the agenda be amended to manage and discuss parked issues, as these could not be ignored. Mr Clay advised that the agenda for the Minerals Working Club would cover IMVAL, Oil & Gas, "parked issues" and all the valuation issues in order to try and solve the problems.

Mr Kramer advised that all he saw, from an Oil & Gas point of view, was the need for broadly agreed or cited Codes for exploration companies who were or would soon be registered with the JSE and there was now talk of separation. Ms Redman confirmed that this was only under IMVAL. Mr Clay suggested that there should be report back to IMVAL that this was one group and the recommendation would be to split IMVAL in terms of mineral evaluation and for Oil & Gas to be separate.

Mr Macfarlane advised that there was a realisation that there were prickly issues in both Codes and it was agreed to get the Codes out and deal with those issues afterwards. These could come out in the next issue of the Code. It was confirmed that Ms Redman and Mr Clay would agree the agenda and set it up next year.

A discussion followed on the topic of getting input from mineral economists. Mr Croll was concerned that discussions took place and gathered momentum, which could result in a total disjoint to SAMVAL. He suggested that maybe part of SAMVAL's duties should be to focus on the fundamental issues under some kind of support umbrella. Ms Redman advised that SAMVAL could not prescribe to that grouping. She was part of that group and these discussions had already taken place. The idea was that everyone from SAMVAL would be invited to these informal meetings and it was agreed to take the matter offline.

The issue of "peer reviews" had been parked.

## **5. REGISTRATION ISSUES**

### **(a) SACPVP**

Ms Redman advised that discussions had been held on SACPVP and she reported back on that. There had been an exchange of correspondence regarding a home for Mineral Asset Valuers. She believed that the same would be asked as under SACNASP. This would involve certain rules and regulations around qualifications and registration. There were mandated requirements in terms of the Act that had to be followed.

### **(b) SACNASP**

A meeting had been held with SACNASP, where there were similar issues. Ms Redman suggested that a working group be put together to follow this up with SACNASP, as it was not just a case of advising them that SAMVAL wanted a specific category for Mineral Asset Valuers; there was a whole process involved. One of the issues that arose was that, in order to be registered, the primary degree/qualification had to be scientific, i.e. accountants would encounter problems when trying to register with SACNASP. As it was mandated under an Act, there were certain requirements for a category to be recognised.

The idea was to have a small working group to take this forward and address those issues, i.e. now to define a Mineral Asset Valuator in order to present that to SACNASDP with the idea that they would also negotiate with the other bodies in order to have it recognised. This would have to be linked back through the SSC to ensure that this tied in with what Mr Swindell was doing in terms of training. This working group would be made up of Messrs Andre van der Merwe, Gordon Chunnnett, Andy Clay and John Taylor. Mr Clay suggested that Ms Redman put together an agenda for the proposed meeting in order to get this running.

Ms Redman suggested that it might not be possible to find one single home. It might be feasible to create a description that could be used by the different regulatory bodies to registered Mineral Asset Valuers. Mr Macfarlane asked that the working group should go back to the work that had been done previously, as much of the descriptions, etc. had already been done. Ms Redman agreed, but reiterated that it might not be possible to have a single home. It was suggested that this also go through the SAMREC Committee.

Some discussion followed on the differences between Competent Valuers and Mineral Asset Valuers, and whether registration defined competency.

## **6. PARKED ISSUES**

These had been discussed in terms of addressing the matters.

## **7. CODE ISSUES**

Mr van der Berg had circulated some of the issues that had arisen out of the Code. A couple of issues raised were as follows:

- Page 12, Item 3.10 – Valuation Reports: There was a typographical error in the final sentence of the first paragraph, and it was agreed that this should be amended to read: *“The checklist **is** prescriptive and, as always, relevance and materiality are the overriding principles that determine what information should be publicly reported.”* It was also suggested that this could be sent out as errata.

- Mr Macfarlane suggested that there should be consistency with the "if not/why not" principle in the SAMREC Code. Ms de Bruyn cautioned that this should not be a decision made in haste, as there were implications to be considered. Ms Redman confirmed that this would remain on the agenda for 2017 and could be discussed at the parked issue workshop. Mr Croll recommended inviting the Chairman of the Readers' Panel to that discussion, as well as Mr Ken Lomborg.
- The question was asked about the proper reference in terms of the SAMVAL Code. It was agreed that the correct wording to be used was: "The South African Code for the Reporting of Mineral Asset Valuations, 2016 Edition".
- Some discussion took place regarding the effective dates for CPRs. It was suggested that some guidance on this should be placed on the website. From January 2017 the new codes would have to be used, so this would then be a moot point.
- There was also debate around the following statement: "*As of the date of this certificate, to the best of my knowledge, information and belief, this Competent Person's Report contains all scientific and technical information that is required to be disclosed to make the Competent Person's Report not misleading*". This was in accordance with the SAMREC 2016 Edition. However, the SAMVAL 2016 Edition required the following wording: "*.....all facts presented in the report are correct to the best of the CV's knowledge*". Ms Redman pointed out that this was an important issue, as she was doubtful that anyone could ever make a statement that all the facts were correct, as resources and reserves contained a substantial number of unknowns, assumptions and estimates. She recommended that this be changed in the Code. Mr Croll believed that the intent should be re-examined and then, if necessary, the wording could be changed. It was agreed that this should be discussed in the parked issues workshop.
- Commissioning entities and CV's were being put under pressure from either aggressive timelines or limited budgets. Ms Redman believed that the CV did not have control over the information given to him by the company. She did not believe .... Was put on the commissioning entities in terms of the SAMVAL Code. In addition, she also did not believe the SAMVAL wording was sufficient to enable the commissioning entity to understand its responsibility. Ms de Bruyn suggested that there were other structures to police the commissioning entities, i.e. King IV. If necessary, the guidance should be given to the CV as to what to expect from the commissioning entity. She believed that this could perhaps form part of the training package, but should not be part of the Code. Ms Redman agreed to draft suggested wording in this regard.

**Action: Kelly Redman**

## **8. COMPLAINT TO BE ADDRESSED**

A complaint had been received from a coal CPR and Ms Redman called for a volunteer to assist the Complaints Committee from a SAMVAL point of view. She confirmed that this would probably commence in 2017. Mr Croll volunteered.

**Action: Rob Croll**

## **9. DATE OF NEXT MEETING**

The next SAMVAL Working Group meeting was scheduled to take place on 23 February 2017 and details of other three meetings would be circulated in due course. It was planned that these meetings would take place in May, August and November 2017.

**Action: Raymond v/d Berg**

The Chairman thanked all for their participation.

**SUMMARY OF KEY ACTION ITEMS**

**Kelly Redman**

Send roster of SSC consultation paper working group meeting dates to Raymond v/d Berg

**Andy Clay**

Present to SAMVAL issues to be raised with IMVAL

**Kelly Redman**

Draft working for training guidelines re commissioning entities

**Rob Croll**

Assist Complaints Committee re latest coal complaint

**Raymond van der Berg**

Circulate dates for SAMVAL 2017 meetings