

MINUTES OF THE SAMVAL COMMITTEE MEETING

HELD ON 30 NOVEMBER 2017 AT 08:00

MIDSHAFT BOARDROOM, MINING PRECINCT, CARLOW ROAD

Present:

K Redman (Chair)
H Bornmann
A de Bruyn
A Kinghorn
J Luckmann
A Macdonald
T Marshall
J Ruddy

Apologies:

R Croll
H Hartman
N Kramer
S Mathuray
M Tlala

In Attendance:

C Jardine SAIMM
A Panana SAIMM
A Donnelly Scribe

1. WELCOME

Ms Redman welcomed all to the meeting and the apologies were noted.

2. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 25 May 2017 were accepted as a true reflection of proceedings.

3. KEY ACTION ITEMS AND MATTERS ARISING FROM THE MINUTES

Key action items:

In terms of training documents, Dr Marshall confirmed that presentations had been put onto the website, except for the DMR. She added that paying courses such as the advanced course, where delegates had to pay to attend the course, were not put onto the website. As an aside, Ms Redman asked members to keep herself, the Secretariat and Dr Marshall informed of details of any courses they might be presenting. This would allow for the information to be included in the report prepared by Dr Marshall. Ms Redman agreed to send the training presentation to members for comment.

Action: Kelly Redman

All members had been advised about the venue for future meetings being changed to the Carlow Road Precinct.

In response to a query from Ms Redman as to whether the letter outlining issues and giving recommendations from SSC and SAMVAL had been sent to IMVAL, Dr Marshall advised that it should have gone through her but that she had not received the final copy. E-mails had been exchanged, but nothing had been finalised. Ms Redman believed the whole issue had been resolved. At a meeting been held two weeks ago around the Terms of Reference, one of the requirements of IMVAL was that each member organisation had two nominated members on the IMVAL Committee. SAMVAL had representatives on this Committee and Ms Redman had asked that SAMOG also be added as another member organisation, as SAMVAL could not represent SAMOG. In theory that issue had now been addressed, but no response from IMVAL as yet.

On the question of Mr Clay consulting with the working team and putting together a position paper on disclosure issues/suggestions to present to the SAMVAL Committee; Ms Redman believed that this issue had been addressed by the Sub-Committee on Parked Issues. Mr Macdonald added that a few changes had been made, but it was not confirmed that this had been circulated for comment. Mr Bornmann agreed to send Mr Croll's comments through to Mr Macdonald and Ms Redman.

Action: H Bornmann

Ms Redman advised that the issue of MAV registration and suitable categories within ECSA was still outstanding.

Action: K Redman

4. IMVAL

Ms Redman had addressed what had happened at IMVAL and she had made some changes to the document and asked that SAMOG be invited as a member organisation. She added that there had not been much activity at IMVAL this year, but that this could change with the appointment of a new Chairman in the new year.

5. PARKED ISSUES

Mr Bornmann reported that there was a position paper that had been drawn up by Mr Clay. This was to do with whether SAMVAL wanted to stipulate the discount rates that should be applied when reporting on valuations and in public documents.

One of the original suggestions was to always refer back to spot. From the initial discussions held, it had been agreed to take 5%, 10% and 15% and the company's WAC as discount rates and then arrange the metal prices and spot metal price exchange rates. In subsequent discussions, it was felt that the specified 5%, 10% and 15% was too prescriptive and to rather take 5% above or below the company's WAC to give an indication of the range in value but still having spot and metal discount rates as a reference point in a sensitivity table.

Dr Marshall asked how one would deal with diamonds; where there was no spot price. Mr Macdonald responded that one would have to look at a value above and below the estimated value. For a South African-based entity, one would also need to know the exchange rate. The report would be based on whatever the long-term exchange rate forecast was and then refer back to a spot exchange rate in terms of the sensitivity table, i.e. the values on the date that the valuation was done.

The other thing that had been discussed was whether the effective date and the valuation date should be the same; and consensus was that they should be the same. Mr Bornmann advised that SAMVAL did not specify effective date, only valuation date. Ms Redman did not believe that the dates necessarily had to be the same and some discussion followed on this.

There were several views on this subject and Ms de Bruyn queried whether, if the effective date was in September and the valuation date in December, this would have a significant impact. Mr Macdonald responded that the depletion would not be material, although Ms Redman added that it might make a difference.

Dr Marshall suggested that putting this into the assumptions would allow the reader to see when the resources were originally declared and whether there had been depletion, i.e. simply stating what was being done and why it was being done. Ms Redman advised that this was exactly what the SAMVAL Code advocated; being transparent so that the reader could make a reasonable judgement. Mr Bornmann advised that although the Code advocated transparency, it did not explain step-by-step how the person writing the report got from A to B. Often the person reading the report will not be able to see how the writer got to those steps. In response to Mr Macdonald's suggestion that the Competent Person had to adjust the time for depletion, Ms Redman countered that this would not be compliant with SAMREC if this was done by the CP. The reserve statement could be signed off by the Competent Person. The resource statement had to be signed off by the geologist. Dr Marshall added that a reserve statement had been based on a resource statement plus modifying factors. Mr Bornmann stated that the resource had to be done by the geologist and that a mining engineer could not sign off on a resource. Dr Marshall added that a reserve statement had to be based on a resource statement plus modifying factors. Mr Bornmann reiterated that the resource had to be done by the geologist and a mining engineer could not sign off on a resource on the new valuation date. The new resources should be given to the mining engineer by the commissioning entity at the date of the depletion. That would allow the CV to then work on the reserve.

After lengthy discussion, Ms Redman believed that this paper would require more work before it was presented. She further suggested that this be discussed with Mr Lomberg in terms of whether it was SAMREC-compliant. Dr Marshall added that it also had to be CRIRSCO-compliant. Ms Redman believed there was still work to be done on this before presentation.

Mr Macdonald added that there were still other outstanding issues that needed to be picked up, such as the remains of Mr Macfarlane's table which had previously been circulated. It was suggested that the burning issues be addressed first.

6. REGISTRATION ISSUES

Ms Redman advised that there was not much to report on registration issues. A meeting was held with Dr Marshall on what needed to be done. She advised that SAMVAL needed a sub-committee to look at this, but members of that committee should ideally come from universities because in terms of all the Acts that the industry worked under, they require three things:

The first thing was training (either a diploma/degree), as well as qualifications and experience. Those had to be defined in order to have something specified for SACNASP. In terms of the SACNASP requirements, the qualifications and experience had to be within the scientific field. The whole issue of registration was more complicated when going the SACNASP, ECSA, etc. route, as this would have to comply with the Act. More input was needed and Ms Redman was putting together a Committee which would include educators and the participation of ECSA, PLATO, etc.

In response to a query from Mr Macdonald on what had transpired with the Institute of Valuers, Dr Marshall reported that she had held a meeting with the Chairperson of the SAIV, who was very enthusiastic about the idea of SAMVAL for those within the group who wanted to do mineral valuations. The Chairperson disclosed that the SACPVP was even more dysfunctional than ECSA at present and was not a good place for people to do registration and that even the property valuers were not registering there. As an Institute, they were very interested in talking to SAMVAL about how the two organisations could work together. Patrick O'Connell was supposed to be at this SAMVAL meeting, but was unable to attend. There was enthusiasm from the SAIV to work alongside SAMVAL.

Ms Redman added that the SAIV was very much like GSSA/SAIMM in that they could be a ROPO but would not be the registration body. The issue was that SACPVP had very specific requirements before people could register. Dr Marshall added that that was appreciated by the SAIV, but they wanted to talk to SAMVAL in connection with ROPOs. Ms Redman believed that, as an organisation, SAIV would probably not be the correct place for registration.

Dr Marshall added that Mr O'Connell suggested that if SAMVAL wanted to deal with anybody, it should be the SAIV. They would deal with anything that had to go to the statutory body. He further suggested that SAMVAL should deal with him directly.

In response to a query from Mr Bornmann on the practice in other countries, Ms Redman advised that in Australia, Competent Valuers were still registered with AUSIMM. Mr Macdonald added that this was a perennial issue that kept getting parked and no progress was being made. Ms Redman commented that all the legislation in South Africa made it very difficult. Even those registered with professional organisations had to be registered with one of the statutory bodies.

Dr Marshall outlined the processes followed for CPs/CVs registered in neighbouring countries carrying out work in South Africa.

Some discussion followed on the Identification of Engineering Work and Dr Marshall advised that the Act was in the process of being rewritten.

7. GENERAL

Dr Marshall noted that Mr Lomborg was planning on doing a Companion Volume Conference in the first quarter of 2019. Ms Redman suggested putting the idea of guidelines on the agenda. The Parked Issues Sub-Committee should come up with a set of guidelines. When it is said that the effective date and valuation date must be the same, it should give the requirement to make it effective. Those things could be put in the guidelines and could be presented at that Conference. She added that the Committee should try to get things done next year.

There was some discussion on how to get younger members involved. One of the suggestions was to ask committee members to spread the word via their contacts. A letter could be drawn up, stating why industry should be involved, and each member could then take this out to the industry. A further suggestion was to send this letter out via SAIMM Committees such as the TCP. Dr Marshall agreed to draft the letter and circulate it for comment.

Action: Tania Marshall

8. DATE OF NEXT MEETING

It had previously been agreed that SAMVAL meetings would fall in with the date of the SSC meetings, usually the last Thursday of each month. Dr Marshall suggested that these meetings be held quarterly. Ms Jardine agreed to send out the meeting requests. The dates were provisionally set as follows:

22 February 2018
31 May 2018
30 August 2018
29 November 2018

The Chairman thanked all for their participation.

SUMMARY OF KEY ACTION ITEMS

Kelly Redman

Circulate training course presentation to members for comments and suggestions.

Kelly Redman

Follow up with John Cato of ECSA re MAV registration issue and suitable categories within ECSA

Hannes Bornmann

Send copy of Rob Croll's comments on parked issues to Andy Macdonald and Kelly Redman

Tania Marshall

Draft letter regarding getting young members involved