

**SAMVAL Committee Meeting Minutes
24 June 2021**

Date of Meeting	24 June 2021	Time	08:00
Chaired by:	Andrew van Zyl, Chair	Location	Zoom
Minutes prepared by:	Gugu Charlie		
<p>Present: A van Zyl (Chair) M Mullins G R Lane V Duke K Redman A Kinghorn A McDonald</p> <p><u>SAIMM Secretariat:</u> G Charlie</p> <p><u>Apologies:</u></p>			
Topic	Discussion		
1. Welcome	Mr van Zyl welcomed everybody to the meeting and apologised for moving the date of the meeting.		
2. Apologies	No apologies had been received.		
3. Minutes of previous meeting	<p>The minutes of 25 February 2021 as previously circulated and included in the meeting pack were reviewed.</p> <p>The minutes were accepted as a correct record with no amendments. Approved: Mr Vaughn Duke Seconded: Mr Matt Mullins</p>		
4. Action items from previous meeting	<p>25 February 2021 It was confirmed that the typographic errors on the minutes (26 November 2020) had been edited and the minutes recirculated.</p> <p>Regarding Mr Njowa preparing a note for Mr Borman in connection with nominal and real models in assumptions, this was not discussed.</p> <p>Similarly, the action item around all members identifying key contacts in mining houses and letting them know that SAMVAL would be invited them to join in SAMVAL meetings in the future, this was not discussed.</p> <p>It was confirmed that Ms Redman had shared information on the work done around Competent Valuers with the committee.</p>		

	<p>Mr van Zyl had shared the notes from the previous two IMVAL meetings, as well as the CIMVAL draft, with all members.</p> <p>The subject of Independence had been removed from the agenda.</p> <p>It was not confirmed whether Dr Marshall had raised the subject of brines and non-solid minerals at the SAMREC meeting.</p> <p>The subject of profit from purified water had been added to parked issues for the next meeting.</p> <p>Mr Mullins had sent out a note on site visits to Ms Charlie for circulation to committee members.</p> <p>It was not confirmed whether Ms Moolla and her team had been in touch with Mr Mullins regarding online training.</p>
<p>5. IMVAL</p>	<p>Regarding CIMVAL, Mr Duke noted a common understanding had been shared by himself and Mr van Zyl with the Turkish delegation, who seemed to understand it. In the longer term, there should be some sort of description of what the competency was about. The other thing was that Mr Duke would get back to Mr Mullins regarding getting some webinars out. He apologised that this had not been done and agreed to address this in the coming week. Action: Vaughn Duke</p> <p>Mr van Zyl advised that the IMVAL minutes were sent out, as well as the CIMVAL draft. A note went out on the inclusive and exclusive reporting for the SEC. Ms Redman asked if these could be resent and Mr van Zyl agreed to do so. Action: Andrew van Zyl</p> <p>Ms Redman asked whether anyone had attended the webinar organised by IMVAL. She found that webinar quite useful. Mr van Zyl responded that he did participate, but missed the ESG session. He found it very interesting and informative. The recordings had been sent out but Ms Redman advised that she had not received anything as yet.</p> <p>Mr van Zyl did not have much to report on IMVAL. An e-mail would be sent to IMVAL requesting the minutes of the meeting. The big event was the workshop and the notes were available on imval.org under 'presentation template' for the video and sides. He would circulate the e-mail to all participants to allow them to watch the video and see the presentation. Action: Andrew van Zyl</p>
<p>6. Parked Issues</p>	<p>A. Guidance Note for Transparency</p> <p>Ms Redman advised that in terms of the issue of competency, she had received a CPR this month that was troublesome. None of the competencies were made by the person who was doing the valuation and they did not even identify a Competent Valuator. One of the competencies in Appendix B was to determine the market value in terms of the definitions of Appendix C. Quite often, an intrinsic valuation was</p>

done in a CPR rather than a market valuation. She asked if it was appropriate to state that it must be a market valuation. Mr Mullins agreed with Ms Redman that it should not be a requirement. Ms Redman suggested that maybe Appendix B should be looked at in terms of these competencies in order to be more specific and this should be explicit in terms of what type of valuation was being applied. Mr Duke believed it was incumbent upon the person doing the valuation to explain it clearly.

Ms Redman added that, when doing an NPV and a market valuation, often the two were being equated and they were not really the same. Market valuations and intrinsic valuations could be miles apart. Some discussion followed and Ms Redman suggested that it should be clarified what was necessary. For a CPR, intrinsic value should be used. People needed to understand exactly what they were doing and she believed it may be necessary to write another guidance note to add to the website. Ms Redman and Mr Njowa wanted to address that at the upcoming webinar and obviously some of those issues would be addressed there. Mr Mullins agreed that a guidance note should be written.

Mr Duke advised that a valuation had recently been done using real options. That was an approach, but the problem was that it was not always possible to reproduce the result. The numbers should be in the same ballpark, using the same information. Ms Redman believed people needed to be transparent about what they had done and how it had been done, so that someone else could easily replicate the outcome.

A discussion followed on discount rates and Mr van Zyl did not believe that SAMVAL was competent to tell those people who were competent in mineral valuation which was correct. Mr Duke suggested that the Competent Valuator should include why they had chosen that route and why they had avoided a more transparent methodology. He suggested that there should be a guidance note. It was all about transparency and what the impact might be on the value. This should be clear in the report. People could use many approaches and this should be encouraged. Information should not be ignored and should be taken into account.

It was concluded that a guidance note was necessary.

Mr Mullins outlined a case he had come across recently on a comparative valuation in the Australasian context, where the comparative set was narrowed down to exclude anything that was not particularly that geological environment. From a potential of ± 100 comparatives, it was narrowed down to about seven. The resultant range was so wide as to be meaningless and he argued that they should rather look at a broader comparative data set and the argument against that was that they wanted exactly the same geological environment. He brought that up as an issue.

Mr Duke agreed and added that he had seen quite a few, where people were discounting doing a market comparable because they said that the environment was not exactly the same. He believed that was nonsense. One had to look at it comparatively from the buyer's perspective.

Ms Redman disagreed, as part of the comparable was that people compared things that were not necessarily comparable and the

	<p>geological environment was quite important. She believed that things had to be somewhat similar to make them comparable. Using an open pit and comparing it to an underground mine was not comparable. She suggested caution had to be taken because there was a reason to limit the range, i.e. it had to be 'reasonably' comparative. Some discussion followed and Mr Duke cautioned that care had to be taken not to be too prescriptive.</p> <p>Ms Redman advised that hopefully some of these issues would be addressed at the upcoming webinar.</p> <p>She added that if the Competent Valuator was providing all their assumptions and were open and transparent, it was then for the reader to make a reasonable assessment, provided the approach was transparent. The need for transparency needed to be emphasized. A guidance note would make some of these issues more explicit. Ms Redman would start putting her thoughts down and it should be a team effort to put something together. She agreed to circulate her thoughts and these could be discussed at the August meeting.</p> <p>Action: Kelly Redman</p>
<p>7. Brines and non-solid minerals</p>	<p>Mr Mullins believed this had been well covered in previous meetings and he had nothing further to add from his side. He believed JORC was considering this in their re-writes. It was suggested that this be raised at IMVAL and brought back to the SAMVAL meeting in August.</p> <p>Action: Andrew van Zyl</p>
<p>8. General</p>	<p>Mr Duke advised that an agreement had been reached with the Turkish delegation to put them in touch with Ms de Bruyn. He believed this should go through the SSC or SAMVAL to formally give Ms de Bruyn a call to see if she would be willing to make contact.</p> <p>Mr van Zyl asked whether anyone had engaged previously on whether or not SAMVAL would have observers join the meeting, i.e. if the Turkish people wanted to join. Mr Duke provided some feedback to Ms Redman on what had transpired. He had received a request to talk to a group of individuals, working through a government agency, who were putting together a code of their own for both resources and reserves, as well as for valuations. They were aware of what was going on in the world, but they had a list of questions around competency. It was agreed to talk to them via Zoom. On the call was a person from their finance facility and it was suggested that they talk directly to Ms de Bruyn. One of the gentlemen felt he would like to sit in on the SAMVAL meetings on an <i>ad hoc</i> basis, to see the kind of things being discussed at the meeting. He believed this might give him some insight. Mr Duke asked if this was acceptable, or whether there were any concerns. Ms Redman did not believe there were any concerns, as it was an open meeting. It was agreed that they would be invited to the next meeting. It was noted that IMVAL did have reservations.</p>
<p>Next meeting</p>	<p>TBA</p>

Meeting closure	Mr van Zyl thanked everyone for their attendance and input. The meeting ended at 09:00.
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Matters arising/Action Items

Meeting Date	Action	Responsible	Due	Status	Comments
26 June 2021	Liaise with Mr Mullins regarding webinars.	Vaughn Duke	30 June 2021		
26 June 2021	Resent IMVAL minutes and CIMVAL draft.	Andrew van Zyl	30 June 2021		
26 June 2021	Circulate e-mail from IMVAL to all participants	Andrew van Zyl	30 June 2021		
26 June 2021	Raise issue of brines and non-solid minerals at IMVAL	Andrew van Zyl	30 June 2021		

Meeting Date	Action	Responsible	Due	Status	Comments
19/03/21	Prepare and present the South African framework around qualifications/ professionals for the next ISME meeting.	Vaughn Duke	May 2021		
19/03/21	Discuss the setting up of an SAIMM CPD structure with Prof Rupprecht	Sam Moolla	21/05/21		