

**SAMVAL Committee Meeting Minutes  
26 August 2021**

<b>Date of Meeting</b>	26 August 2021	<b>Time</b>	08:00
<b>Chaired by:</b>	Andrew van Zyl, Chair	<b>Location</b>	Zoom
<b>Minutes prepared by:</b>	Gugu Charlie		
<b>Present:</b>			
A van Zyl (Chair)		T Marshall	
V Duke		A MacDonald	
<b>SAIMM Secretariat:</b>			
C Jardine			
<b>Apologies:</b>			
A de Bruyn		K Redman	
J Odendaal		J G Taylor	
<b>Topic</b>	<b>Discussion</b>		
<b>1. Welcome</b>	Mr van Zyl welcomed everybody to the meeting and advised that one of the suggestions had been to shuffle the agenda so that the minutes were discussed at the end of the meeting. Apologies had been received as noted above.		
<b>2. Action items from previous meeting</b>	<p><b>19 March 2021</b> The action of Ms Moolla discussing the setting up of an SAIMM CPD structure with Prof Rupprecht was not confirmed.</p> <p><b>26 June 2021</b> It was confirmed that all the action items around IMVAL/CIMVAL had been actioned shortly after the meeting.</p> <p>Ms Jardine reported that Mr Duke had liaised with Mr Mullins regarding webinars and that a series of these had started and would run through to November.</p>		
<b>3. SK-1300 and comparison to CPR</b>	<p>Mr van Zyl advised that he had not liaised with Mr MacDonald on this issue but asked if he would share his thoughts. Mr MacDonald advised that looking at the face of it, it would seem similar to the NI 43-101 reporting template. That was what it had been modelled on, but there were a couple of nuances which were different to any of the other regulatory codes that he had come across.</p> <p>In two particular instances, they wanted a lot of detail on hydro-geology or water sampling methods, analysis, and the laboratories where they were done. The same applied to geotech items, surface for foundation purposes, open pit or underground, the sampling methodology, how and where the samples were taken, custody of control and the techniques that were applied to the sample, etc. In other words, the same sort of detail that one would go into in terms of the sampling and</p>		

analytical process for grade, they now want the details, particularly for water and soil and rock samples. That was a big change from the sort of reporting that had been done up to now and, very often, that information was difficult to get hold of.

He advised that they were currently in the process of compiling some reports to be in terms of SK-1300 and it was a lot more tedious than the NI 43-101. The preliminary comments that had been received from their Denver colleagues suggested that what had been done was not up to scratch in terms of what the SEC was expecting by way of reporting, so the migration from a SAMREC compliant CPR for the JSE to an SEC compliant SK-1300 report was not straightforward, there were many other things that needed to be done. He cautioned that it was something that could not be taken on lightly.

Mr van Zyl suggested that levels of accuracy were a big issue and there was also some misalignment between when certain levels of estimates were required. In South Africa, one may need a feasibility study level closure plan 5 years before closure, whereas the SEC expected it as part of the feasibility study.

Mr MacDonald confirmed that, in terms of the feasibility study, they started talking about very specific confidence/accuracy levels. The feedback was that the US was a very litigious country and many projects overran their implementation programme and capital budgets significantly. So, if one said that the capital was  $\pm 10\%$  and then ended up going 30% over, there could be legal implications.

The SK-1300 was quite prescriptive in terms of the level of work you had to have for every single aspect; so even a tailings dam would have to have the final design and final closure plan, which was difficult if one did not know what the final end life of the mine was going to look like.

Mr van Zyl invited comments and questions from the floor and suggested that maybe it was something that could be given more time over the next few meetings and, based on the first valuation colloquium, put forward some other suggestions that could be discussed.

Mr MacDonald added that the other thing with SK-1300 was that one was not doing a valuation to the extent that you were only presenting the results of the cash flow, so they were looking for NPV and IRR, payback period, peak funding, those sorts of metrics, rather than a full valuation. For things like price forecasts that one might get from CRU or consensus economics or anybody like that, there was very specific wording that had to be put in in terms of not placing reliance on other people, i.e. a qualified person had to accept responsibility for whatever went into the report.

Those were some of the areas that could become quite problematic and needed to be worked through carefully. Mr MacDonald was thanked for his input. Dr Marshall noted that, for the SAMREC Committee, Prof Rupprecht had been doing quite a lot of work on the differences between SK-1300 and SAMREC, and she suggested it might be useful to get him involved in the discussions somehow. Mr van Zyl believed Mr Dixon could also give a short talk on this. He asked Ms Jardine to invite Prof Rupprecht to the next meeting.

**Action:** Camielah Jardine

	<p>Mr Duke believed that when reporting for the US, it was important to have a high degree of transparency, clarity and precision in order to avoid getting into trouble. It was about being specific in the document on what information had been provided.</p>
<p><b>4. Working groups, sub-committees and special projects</b></p>	<p><b>4.1 Brines, non-solid minerals and water treatment</b></p> <p>Mr Duke believed that Mr Mullins should advise whether this was something that needed to be pursued in terms of a guidance note. He suggested finding out how other people were doing this and seeking alignment.</p> <p>He advised that many of the parked issues had been resolved, but suggested that if any of those matters were still outstanding, they should be raised under this agenda in order to give the group more focus, rather than talking generically about parked issues. His suggestion was to pick this up at IMVAL to see how others were dealing with this issue and report back at the next meeting. This was agreed.  <b>Action:</b> Andrew van Zyl</p> <p><b>4.2 Parked issues</b></p> <p>Mr MacDonald added that most of the parked issues had been dealt with, with the exception of registration. The issue of independence was canned. From the points of view of outstanding items at the conclusion of the SAMVAL Code, he believed that everything had been addressed and it was now more a question of whether there were activities or things like the brines coming up that the Code did not cater for, where the group then needed to focus. It was a question of being aware of the trends in the marketplace that needed to be picked up on.</p> <p>Mr Duke agreed and cited an example of an exercise he was currently working on regarding real options. Another comment he received was that the Codes were there for the stock market and not really to guide the mineral industry. He suggested that SAMCODES should be letting people know that the codes were there for everyone; for the mineral industry, executives, lawyers, consultants, etc.</p> <p>Mr van Zyl added that the principle would be that the Code should also be front of mind throughout the cycle. The ultimate aim was to present value to shareholders in terms of measurements that were aligned with the Code, i.e. resources, reserves and value. Dr Marshall agreed that the Codes needed to be used more by people outside of the pure listing community. It needed to be something that could be used as the gold standard for anyone doing or using any sort of valuation. This also needed to be promoted not only amongst practitioners, but also among Government and statutory bodies, so that, for example, when the DMRE thinks valuation, they think SAMVAL compliance.</p> <p>Mr MacDonald shared his experience of doing a valuation on an extension of South Deep. He asked if that was not an argument for a guidance note, as to when real options become applicable. Mr Duke agreed that it deserved a discussion and asked that he keep the Committee apprised of what transpired. Some discussion followed and it was suggested that a discussion could be held on the appropriate use of real options for valuations in the mineral industry.</p>

	<p><b>Action:</b> Mr Duke agreed to try and get some information from CIMVAL in this regard.</p> <p>Mr Duke asked whether the Codes required that valuations could be reproduced. This would require all the algorithms in order to reproduce or understand the process.</p> <p>Dr Marshall advised that, in SAMVAL, the principle of reasonableness required that 'reasonable people, acting reasonably, should be able to come to the same conclusion, based on similar information and input'. All the necessary software would have to be in place.</p> <p>Mr Duke asked how the working group was going to raise the profile of the Codes – and the SAMVAL Code specifically – amongst South Africa's mineral industry.</p> <p>Mr van Zyl responded that that came back to the plan of holding meetings at many different companies. This had been a good idea, but had not been implemented yet. Mr Duke believed this should be brought back to life. It was suggested that it would be worth meeting people to find out if there were people who would benefit from the discussion. Dr Marshall suggested going to companies and advising them that there would be a meeting specifically for Anglo-Gold, for example, and that SAMVAL would like all the company's senior executives and management to sit in on the meeting. This could be done company by company and would give SAMVAL the opportunity to hear their inputs and concerns. Any specific questions could be discussed under the agenda.</p> <p><b>Action:</b> A van Zyl and V Duke to make contact with each mining company</p>
<p><b>5. General</b></p>	<p><b>5.1 Feedback from ESG Inquisition</b></p> <p>Dr Marshall provided feedback on the ESG Inquisition. The event was held mid-August and she thanked people from the SAMVAL Committee who had sat on the panel sessions and those who attended. Some of the significant outcomes were that ESG was not going away and it would have to be integrated into public reporting. This was not sustainability reporting; they were primary technical reports and ESG was one of the Modifying Factors that needed to be addressed to the extent that it affected the mineral resource/mineral reserve estimates. The big question was how much ESG was relevant and the answer was probably more than was currently the case. It was important to look at ESG as a 'value add' and not simply as an expensive compliance or box ticking exercise. The industry needed minimal reporting requirements that were clear, simple and practical. There should be a very clear difference made between what was material and what was simply data dumping, which gave hugely inflated and unwieldy documents.</p> <p>One size would not fit all; there were different requirements for different sized companies, and also different requirements across the various project stages. There needed to be convergence and alignment between the various codes and guidelines, CRIRSCO and the JSE.</p> <p>What came out at the end was that the recommendation for a working group to be constituted with representatives from SAMREC, SAMVAL</p>

	<p>and SAMOG, as well as large companies, small companies, junior companies and consultants. The mandate of this working group would be to assist SAMESG to update the guidelines that would be integrated and applied to all of the SAMCODES.</p> <p>So, under the guidance of the SSC, a working group on ESG with representatives from all the committees would be put together and taken forward. A representative would be requested from SAMVAL in due course to it on that working group.</p> <p>It was recommended that this also be added as an agenda heading under Working Groups.</p> <p>The Inquisition had been very productive in terms of interaction and there were over 200 attendees every day, from industry, most mining companies. The whole idea was to highlight concerns and questions that people had. All this information could now go back to the various committees and working groups in order to create something that would be used by everyone; something simple and practical to use for everyone concerned.</p> <p>Mr van Zyl mentioned the valuation webinars and he believed that it would probably be of use for SAMVAL to discuss ESG valuation and decarbonisation and the market approach. It was suggested that this be put as a discussion point for another meeting.</p> <p><b>Action:</b> Camielah Jardine</p> <p><b>5.2 Co-ordinating body between reporting codes</b></p> <p>Mr MacDonald mentioned that CRIRSCO had been very successful in getting alignment between the various valuation codes around the world and it had become recognised as an umbrella co-ordinating body between the reporting codes. He asked how IMVAL could be raised to that status. Dr Marshall advised that this would take time, as CRIRSCO had started developing back in the 1980s and IMVAL was only about six years old. It was suggested that perhaps funding was a requirement. Mr Duke believed that roadmap was in place, but it would require more money and time.</p> <p><b>5.3 IMVAL Webinar</b></p> <p>Regarding the IMVAL webinar that had been held a month or two ago, Mr MacDonald asked whether the presentations were available. Mr van Zyl agreed to share the link with the committee.</p> <p><b>Action:</b> Andrew van Zyl</p>
<p><b>6. Minutes of previous meeting</b></p>	<p>The minutes of 24 June 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.</p> <p><b>Approved:</b> Mr Andy MacDonald</p>
<p><b>Next meeting</b></p>	<p>The next meeting was scheduled to take place on 25 November 2021.</p>

<b>Meeting closure</b>	Mr van Zyl thanked everyone for their attendance and input. The meeting ended at 09:00.
------------------------	---

**Matters arising/Action Items**

<b>Meeting Date</b>	<b>Action</b>	<b>Responsible</b>	<b>Due</b>	<b>Status</b>	<b>Comments</b>
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		
26/08/21	Invite Prof Rupprecht to next meet to discuss SK-1300	Camielah Jardine	25/11/21		
16/08/21	Pick up issue of Brines and Non-solid minerals at IMVAL and report back	Vaughn Duke	25/11/21		
16/08/21	Get information from CIMVAL regarding guidance note on use of real options for valuations in minerals industry	Vaughn Duke	25/11/21		
16/08/21	Make contact with mining houses regarding specific meetings with each	Andrew van Zyl & Vaughn Duke	25/11/21		
16/08/21	Put discussion point of ESG valuation on agenda for next meeting	Camielah Jardine	25/11/21		
16/08/21	Share link re IMVAL webinar presentations	Andrew van Zyl	5/11/21		