SAMVAL Committee Meeting Minutes
24 February 2022

Date of Meeting	24 February 2022	**Time**	08:00
Chaired by:	Andrew van Zyl, Chair	**Location**	Zoom
Minutes prepared by:	Gugu Charlie		

Present:

A van Zyl (Chair)	Dr T Marshall
H Bornman	K Poulton-Wuth
A de Bruyn	M Turnbull
A MacDonald	A Kinghorn

SAIMM Secretariat:

G Charlie	T Letlhaku

Apologies:
V Duke

Topic	Discussion
1. Welcome	Mr van Zyl welcomed everybody to the meeting and apologies were noted from Mr Duke.
2. Action items from previous meeting	***19 March 2021*** Mr van Zyl advised that he had not discussed the setting up of an SAIMM CPD structure with Prof Rupprecht. **Action**: Andrew van Zyl ***26 August 2021*** Ms Letlhaku was not sure whether Prof Rupprecht had been invited to discuss SK-1300, but advised that he was currently out of the country. Mr Bornman mentioned that it was not compulsory to indicate who the CP/CV was, but he was recently involved in a case where there was dual listing between the Canadian Stock Exchange and the JSE; where the document stated that it was SAMREC compliant. However, it was not SAMREC compliant if there was no indication of who the CP/CV was. He believed this should be discussed in future. Mr McDonald argued that the company in question was looking for a primary listing on the NYSE, with a secondary listing on the JSE, so the document was compiled in accordance with SK-1300 and SAMREC at the same time and it was decided not to divulge the QPs but rather that the company take it on as the responsible party, which was acceptable in terms of SK-1300 and dispensation was granted by the JSE not to divulge the name of the QP; so it was completely above board. Mr Bornman agreed but suggested that the SAMREC Code should be adjusted because one could not say something was SAMREC compliant if it was not. He had no problem with the fact that the company took on responsibility; but then SAMREC must be adjusted to cater for such a situation. Mr McDonald reminded Mr Bornman of the 'if not/why not' included in the SAMREC Code, where reasons for non-compliance needed to be given, as was the case in this instance. It was accepted by the JSE, so it did not have to change the

	SAMREC Code at all; it was merely a case of 'if not/why not' and provided an explanation. Mr Bornman agreed. Mr McDonald added that he and Sifiso were looking to try to put together some form of workshop/webinar on SK-1300 and SAMREC within the next six months to try and get people from industry to share their experiences, concerns, etc. and to approach it from that perspective. Mr van Zyl stressed that as a principle for all these meetings, SAMVAL was speaking from experience and not providing hard and fast rules. There was potential liability attached to anything under SK-1300 and he was hesitant to say anything that sounded like advice. An experience-sharing would be valuable but not to pitch it as a 'to do' list or advice/counsel. Regarding the action item for Mr Duke to pick up the issue of Brines and Non-solid minerals at IMVAL and reporting back, Mr van Zyl reported that there had not been an IMVAL meeting since the last SAMVAL meeting. **Action**: Vaughn Duke It was confirmed that the South African organisation had been changed on the IMVAL website to read SAIMM and not SAMVAL. Regarding getting information from CIMVAL regarding the guidance note on the use of real options for valuations in the minerals industry, Mr Duke was not present to give feedback on this. Mr van Zyl would check with Mr Duke whether this had been put up as a guidance note for use on real options. Mr Turnbull advised that this had not been discussed yet. **Action:** Andrew van Zyl In connection with making contact with mining houses regarding specific meetings with each, Mr van Zyl reported that he understood from Anglo that meeting rooms were available and the next meeting could be organised there. He requested suggestions on where the following meeting could be held. Mr Bornman mentioned that he was attending a function and would approach some of the other delegates in this regard. **Action:** All Members Mr van Zyl apologised that the discussion point of ESG valuation had not been put on the agenda for this meeting. He suggested that a discussion could be held in this regard. He provided some background on the integration of ESG into all the activities of the SAIMM. It was suggested that this be put on the agenda for the next meeting. Mr McDonald advised that the big issue on ESG valuations was that Environmental aspects were easy to quantify; Social aspects could be quantified to a degree; but when it came to Governance, that was an area with a big question mark as to how one added value/lack of value to good or bad Governance practices. Mr van Zyl believed careful thought would have to be given as to whether SAMVAL was actually competent to give an opinion on this. Ms Poulton-Wuth suggested that it was possible, but would require quite a lot of input from the technical experts. In terms of the ESG, Mr Bornman noted that this was normally addressed in the Risk Assessment. Some discussion followed and it was suggested that risks could be put in under Discount Rates. Mr van Zyl believed it was about presenting responsibly. Andrew agreed to provide some links to a document that could be used in this regard. **Action:** Andrew Kinghorn

	Mr MacDonald added that he, Dr Marshall and Ms Steele-Schober had put together a lifecycle of work that could be called a Terms of Reference. Certain work streams had been set up which would start taking place immediately, related to the information gathered during the ESG inquisition. He offered to share the work scope and the objectives. It was suggested that this be kept as a standing discussion point on the agenda. **Action:** Andy McDonald Mr McDonald provided feedback on the work done so far by the SAMCODES ESG Working Group. Mr Tim Rowland and Ms Nicole Wansbury were busy looking at what the expectations of industry, investors, the JSE would be in terms of ESG reporting on the one side; Ms Theresa Steele-Schober and Ms Charlene Rigby were looking at trying to take the key findings from the ESG Inquisition into key action items and, once that was done, Messrs Rowland and McDonald would summarise that into key points. One of the big discussions at the last meeting was whether the SAMESG Guidelines would continue as is and to what extent they would be incorporated into the SAMREC Code. A look had been taken at the PERC Code that came out in 2021, where they had incorporated ESG requirements into their Table 1 and that looked like a good model to follow. The recommendation reached was that the SAMESG Guideline would remain, but expanded along the lines of the Diamond Reporting Guideline and then key aspects from that would be incorporated into the SAMREC Code and into Table 1. Ms Steele-Schober sat on various ESG working groups and it was important that there was collaboration and integration to maintain consistency. Mr van Zyl would try and gather all of the relevant information and share this. **Action**: Andrew van Zyl Ms de Bruyn advised that the JSE had issued a guidance on ESG disclosure and climate disclosure in December which was open for consultation until the end of February. Dr Marshall asked Ms de Bruyn to send the link to everybody. **Action**: Annelie de Bruyn Regarding the request to Rob Ingram to give a presentation on what had been picked up on the Readers Panel regarding ESG input, this would be pushed out to the next meeting. It was noted that there was no specific requirement in the SAMREC Table 1 regarding ESG matters whatsoever. So, from a box-ticking exercise, there would be no call to record whether or not ESG needs had been reported properly. A lengthy discussion followed on whether SAMVAL adequately covered ESG aspects and, if further guidelines were required, where these should be included. Dr Marshall cautioned that SAMVAL should not become complacent that everything was covered. It was important to look at what was coming out in the different Resource and Reserve Estimation Codes, e.g. PERC, JORC; and then to go through each of these Codes to see how they affect what SAMVAL was trying to do. It might be that SAMVAL was fine as is, but she believed it was important to go through that process of deciding whether it was or not. It was mostly about the work that Mr McDonald's committee was doing, as well as the other Codes. She suggested that this might require a couple of SAMVAL meetings. Members were asked to peruse the various Codes and see which items had bearing on SAMVAL. Another alternative was to have a look at the specific things that had already been identified as

	potentially pertinent to SAMVAL. The relevant documentation would be requested from Ms Steele-Schober and circulated to members, as well as PERC Section 12. **Action**: Tania Marshall The action item of keeping a list of relevant issues regarding items to be included in SAMESG update was not discussed. Dr Marshall advised that she had not received any website update requests. Any updates for websites needed to go to Mr McDonald.
3. SK-1300 and comparison to CPR	This had been discussed under Action Items.
4. Working groups, sub-committees and special projects	Ms Poulton/Wuth advised that understanding of CPRs seemed to be quite poor. She believed a proper guidance note should be put out from SAMVAL on this, as there was a lot of confusion between WACC for evaluation and WACC for a discount rate that is used for project financing. She added that SAMVAL needed to make sure that there was a good understanding of this. It was agreed that this would be put on the agenda for discussion at the next meeting. **Action**: Tshepi Letlhaku
5. General	Mr Turnbull's Real Options/Pitfalls presentation to be added to the next agenda. **Action**: Tshepi Letlhaku
6. Minutes of previous meeting	The minutes of 25 November 2021 as previously circulated and included in the meeting pack were reviewed. The minutes were accepted, subject to the following amendment: Under Point 2. Action Items on Page 1, the third paragraph should read: 'Mr van Zyl reported that he could not remember whether he had spoken to Prof Rupprecht about discussing SK-1300 at this meeting, but as Prof Rupprecht was **not** present, it was evident that he had not been invited.'
Next meeting	The next meeting was scheduled to take place at 08:00 on 26 May 2022.
Meeting closure	Mr van Zyl thanked everyone for their attendance and input. The meeting ended at 09:00.

Matters arising/Action Items

Meeting Date	Action	Responsible	Due	Status	Comments
19/03/21	Discuss the setting up of an SAIMM CPD structure with Prof Rupprecht	Andrew van Zyl	26/05/22		
24/02/22	Pick up issue of Brines and Non-solid minerals at IMVAL and report back	Vaughn Duke	26/05/22		
24/02/22	Get information from CIMVAL regarding guidance note on use of real options for valuations in minerals industry	Andrew van Zyl Vaughn Duke	26/05/22		
24/02/22	Make contact with mining houses regarding specific meetings with each	All members	Ongoing		
24/02/22	Put discussion point of ESG valuation on agenda for next meeting	Andrew van Zyl & Tshepi Letlhaku	26/05/22		
24/02/22	Provide some links to document to be used for ESG valuation	Andrew Kinghorn			
24/02/22	Share work scope lifecycle on information gathered at ESG inquisition (ToR). Keep as standing item on agenda.	Andy MacDonald	Ongoing		
24/02/22	Request Rob Ingram to give presentation on what had been picked up on Readers Panel regarding ESG input.	Vaughn Duke			
24/02/22	Keep as list of relevant issues regarding items to be included in SAMESG update and include at the end of minutes	Andrew van Zyl	Ongoing		
24/02/22	Circulate JSE guidance on ESG disclosure to members	Annelie de Bruyn	26/05/22		
24/02/22	Request and circulate ESG information from TSS to all members	Tania Marshall	26/05/22		
24/02/22	Add item of WACC understanding to next agenda	Tshepi Letlhaku	26/05/22		
24/02/22	Add Mr Turnbull's presentation on Real Options/Pitfalls to next agenda	Tshepi Letlhaku	26/05/22		