SAMVAL Committee Meeting Minutes
24 November 2022

Date of Meeting	24 November 2022	**Time**	08:00
Chaired by:	Vaughn Duke, Chair	**Location**	Zoom
Minutes prepared by:	Nazli Mamdoo		

Present:

V Duke (Chair)	K Redman
H Bornman	M Turnbull
A Kinghorn	A van Zyl
Dr T Marshall	C Wrigley

SAIMM Secretariat:
N Mamdoo

Apologies:

Topic	Discussion
1. Welcome	Mr Duke welcomed everybody to the meeting and noted that apologies had been received from Ms Steele-Schober and Mr Bornman.
2. Confirmation of previous minutes	The minutes of the meeting held on 25 August 2022 were taken as a true record. The minutes were proposed by Dr Marshall and seconded by Mr van Zyl.
3. Action items	***26 August 2021*** Regarding the action item to pick up the issue of Brines and Non-solid minerals at IMVAL that had been raised by Mr Mullins and reporting back, Mr Duke believed that this had been taken off the action list. Mr van Zyl reported that the IMVAL Chair had been ill and that was why there had not been a meeting. He assumed the meetings would resume after the appointment of the new Chair and this could be taken up then. **Action**: Vaughn Duke
4. Action Items	***24 August 2022*** Regarding getting information from CIMVAL regarding the guidance note on the use of real options for valuations in the minerals industry, Mr van Zyl advised that he had not seen anything in connection with this. Mr Turnbull added that there was a comment saying that it could be used, e.g. it could be acknowledged. There were no details on when and how it could be used. He would scrutinise it again. Mr van Zyl suggested that the more important thing was whether SAMVAL wanted to comment on or restrict its use. Mr Duke suggested the issue be parked for now, unless the team was going to work on it and consider appropriate wording. He believed there needed to be something that governed the use of real options. There

	had previously been a discussion on how real options could be abused in valuations. Ms Redman advised that any method of valuation could be abused and it was not unique to real options. Mr Duke noted that the problem with real options was that they were very difficult to reproduce when one started using simulations in terms of the values that one's peers might come up with. Ms Redman added that they could apply to market valuations as well and one could only really look at the methodology and determine whether that was reasonable in most cases. Some discussion followed. Mr Duke advised that there was nothing in the Code that governed the behaviour of all for the use of real options. The argument had been about the comparables not being appropriate, yet the mine was dormant, i.e. it was not operating. Ms Redman noted that the argument was around the most appropriate method that should be used was the market approach, i.e. two methods. She suggested that maybe SAMVAL should put out some kind of guidance note in terms of using two methods to justify. It was suggested that this be raised at the IMVAL meeting to get feedback from them. A draft guidance note would be put together by SAMVAL for discussion with IMVAL. **Action:** Andrew van Zyl In connection with making contact with mining houses regarding specific meetings with each, this was ongoing. Mr Duke would discuss this with Ms Moolla. **Action:** Vaughn Duke Regarding the work scope lifecycle on information gathered at the ESG Inquisition, Ms Wrigley reported that this was to share progress and a request was made that, as part of this steering committee that had been put together to update the ESG guidelines for the SAMREC Code, that the other committees also be updated on a regular basis as to the progress; and also noting that there were invariably going to be some overlaps and some interplay influences on other committees' work, based on the outcomes of this work. It also created an opportunity to provide input at the appropriate time. This was to track the ESG Guideline updates. Ms Wrigley was on the Committee and Mr Duke suggested that this be taken off the action list. When something did arise, that Ms Wrigley deemed necessary to share with this meeting, this would be done. Ms Wrigley suggested keeping this as a standing agenda item for the meeting, which was agreed. **Action**: Camielah Jardine and Charlene Wrigley Regarding keeping a list of relevant issues regarding items for possible inclusion in an SAMESG update and adding this in at the end of the minutes, Mr van Zyl advised that this was about sharing information and how that affected aspects of the Code. Ms Wrigley added that Environment, Social and Governance were going to have stronger prominence in the Code and Governance was quite a difficult aspect to quantify. The ESG Steering Committee, as well as SAMVAL, would need to apply their minds as to what this could mean for valuations going forward. Ms Redman asked who specifically was looking at that in terms of Corporate Governance (King Code, etc). Ms Wrigley responded that the ESG Steering Committee was looking at the Governance aspect of ESG, but they were making it very reserve, resource, project or asset specific; which meant that some of the broader things like remuneration, board structure, etc. did not

	really fall into the resource and reserve classification, but things like anti-bribery and corruption, risk systems in place, etc. would be considered as part of the ESG Steering Committee. Ms Redman noted that this would probably be the more contentious of issues. CRIRSCO was facing the same challenge regarding Governance. Ms Redman volunteered to assist on the Steering Committee. Progress on this would be reported under the same standing agenda item. Mr van Zyl asked whether issues like decarbonisation, etc. should be considered (i.e. ESG-S). Mr Duke believed it was important to stay mindful of what was happening, but there had to be consideration for what was covered by SAMVAL and what was covered by the ESG Committee. The SAMVAL Committee should contribute to the ESG Committee. He suggested that Ms Redman be part of that in order to pursue this further, with report back at this meeting. **Action**: Kelly Redman Regarding WACC understanding, Ms Redman advised that earlier in the year she had prepared something for the Readers' Panel and she gave some feedback on that. There was a difference between what was done for project financing and what was done for valuation. She added that there was good guidance on the website and she did not know what else could be done. Mr Duke suggested that if there was a list of SAIMM's observations/issues, specific meetings could be set up with the mines' finance people to discuss these issues. Awareness should be created around this. Ms Redman suggested enhancing the two good papers on the website by discussing the difference between project financing and valuation and adding that to those papers. It could also be a topic for a workshop or webinar. This was supported. In addition, she suggested that this might be a good paper to present at a future SAMREC/SAMVAL seminar. Dr Marshall noted that Mr Lomberg was in the process of organising some training for 2023 and this would be a very good paper to present at one of those training modules. This was agreed. Ms Redman would send her thoughts on the proposed presentation to Dr Marshall to take up with Mr Lomberg. **Action**: Kelly Redman and Tania Marshall On the question of members looking at the consultation paper from the Canadian Security authorities, Mr Duke would talk to IMVAL and asked members to advise him of anything that should be taken up there. **Action**: Vaughn Duke/All members
4. Chair/Vice-Chair	Mr Duke advised that a new Vice-Chair had to be appointed and asked for any volunteers or suggestions. Ms Redman suggested asking for volunteers/nominations via the Secretariat. This would be picked up at the next meeting, depending on what came back. **Action**: SAIMM Secretariat
5. SK-1300 in comparison to CPR	Mr van Zyl believed this was feedback on the conference organised by Mr McDonald. He did not believe that much could be covered in this meeting, as it had been a two-day event. Mr Duke asked whether the committee had thoughts on how SK-1300 compared with the Code. Some discussion followed on whether this was a SAMVAL-related exercise.

	Mr Duke suggested that there should be more discussion around this and that it should be left on the agenda against Mr McDonald's name. This would be discussed in further detail at the next meeting. Ms Redman requested that this session should repeated as a webinar. Dr Marshall believed it had been recorded and SAIMM were gearing themselves up to make all those things available as particular events for people to watch at their convenience. Mr McDonald would be asked to give a summary and Mr Turnbull was asked to liaise with Mr McDonald in this regard. **Action**: Andy McDonald and Mark Turnbull
6. Working Group/Sub-Committee/Special Projects	Mr Duke reminded the meeting that the idea was to take on one or two things that the committee believed were important and progress these. One of these was the real options. He asked whether there were any projects related to valuations that the Committee could apply their minds to. Mr van Zyl advised that there was already the ESG update. Mr Duke asked to change this item to 'Engagements with Industry' or make that a project, i.e. sharing insight and updating industry. Ms Redman supported that idea. The agenda in future would be: • Welcome • Actions • Engagements with industry • ESG • General
7. ESG	On the update of the SAMESG Guideline and the Steercom work happening, the important takeaway here was that this was happening and there were work packages that had been put together in order to deliver. These work packages have also been listed against a timeline. The group was ensuring that this was not done in isolation of other reporting codes. The timing was quite good and debate was being held on what E, S and G actually meant. Tere were a lot of mixed messages and lively discussions, especially around the Governance aspect. Regarding the JSE sustainability guidelines that had been published around ESG, Ms Wrigley gave a quick overview. She delivered a slide presentation on the JSE's sustainability and climate disclosure guideline launched in June 2022. This was a guideline document/best practice approach. This document was available on the internet and Ms Wrigley shared the following link: https://www.jse/our-business/sustainability/jses-sustainability-and-climate-disclosure-guidance
8. GENERAL	Mr van Zyl wished Mr Duke well in his tenure as Chair. Dr Marshall asked whoever would be attending the next IMVAL meeting to please raise again the issue of replacing SAIMM with SAMVAL on their map.

Next meeting	The next meeting was scheduled to take place at 08h00 on 23 February 2023.
Meeting closure	Mr Duke thanked everyone for their attendance and input. The meeting ended at 09:20.

Matters arising/Action Items

Meeting Date	Action	Responsible	Due	Status	Comments
24/11/22	Pick up issue of Brines and Non-solid minerals at IMVAL and report back	Vaughn Duke	23/02/23		
24/11/22	Raise with CIMVAL the issue of a guidance note on use of real options for valuations in minerals industry	Andrew van Zyl	23/02/23		
24/11/22	Mr Duke to discuss with Ms Moolla making contact with mining houses regarding specific meetings with each	Vaughn Duke	Ongoing		
24/11/22	Share work scope lifecycle on information gathered at ESG inquisition (ToR). Keep as standing item on agenda.	Camielah Jardine and Charlene Wrigley	Ongoing		
24/11/22	Keep as list of relevant issues regarding items to be included in SAMESG update and include in the minutes. Ms Redman to form part of this.	Kelly Redman	Ongoing		
24/11/22	Regarding WACC, Ms Redman and Dr Marshall to liaise regarding training for 2023.	Kelly Redman and Tania Marshall	23/02/23		
24/11/22	Members to look at consultation paper from Canadian Security authorities and go through questions & advise Mr Duke	Vaughn Duke/All members	23/02/23		
24/11/22	Send through volunteers, nominations or suggestions regarding Vice-Chair	SAIMM Secretariat	23/02/23		
24/11/22	Keep issue of SK-1300 in comparison to CPR on	Mark Turnbull and	23/02/23		

	agenda against Mr McDonald's name. Mr Turnbull to liaise with Mr McDonald in this regard.	Andy McDonald			