

VALMIN EXPOSURE DRAFT (APRIL 2015)

Overview of the key issues in the exposure
draft

VALMIN parent bodies:

AusIMM
THE MINERALS INSTITUTE



**AUSTRALIAN
INSTITUTE OF
GEOLOGISTS**
Supporting Geoscientists

Brief background

- Current VALMIN Code is 2005
- Many industry / regulation changes since this time
- A preliminary draft revision was the subject of limited circulation consultation in 2014
- Exposure Draft for public comment 14 April 2015
- Comments to be submitted by 17 July 2015

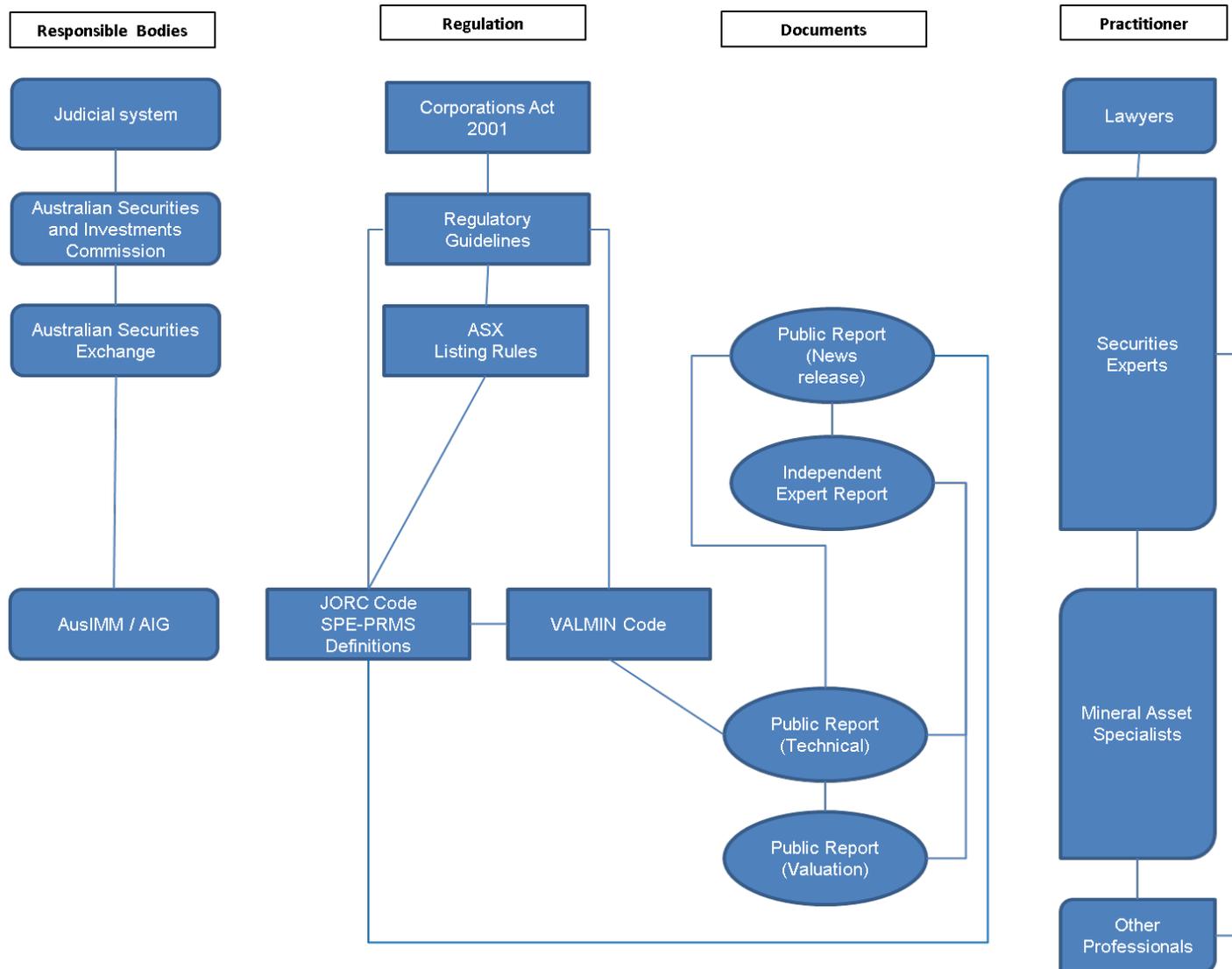
To view the exposure draft and for information on how to make a submission, go to:

http://www.valmin.org/draft_2015.asp

Summary of changes

- Structure and clarity
- Alignment and consistency
- Clarity about 'VALMIN Practitioners' and 'Specialist Reports'
- The core purpose and principles of the VALMIN Code remain unchanged
- Clarity about report types and their relationships
- Guidance on valuation approaches and methodologies
- Requires greater transparency

Report relationships



Structure and clarity

- Substantially restructured to improve flow and readability
- Adopts JORC Code format of 'Code elements' in normal text and '*guidelines*' in *italic text*
- Definitions are made once and clustered together in Draft Clause 13 for ease of reference

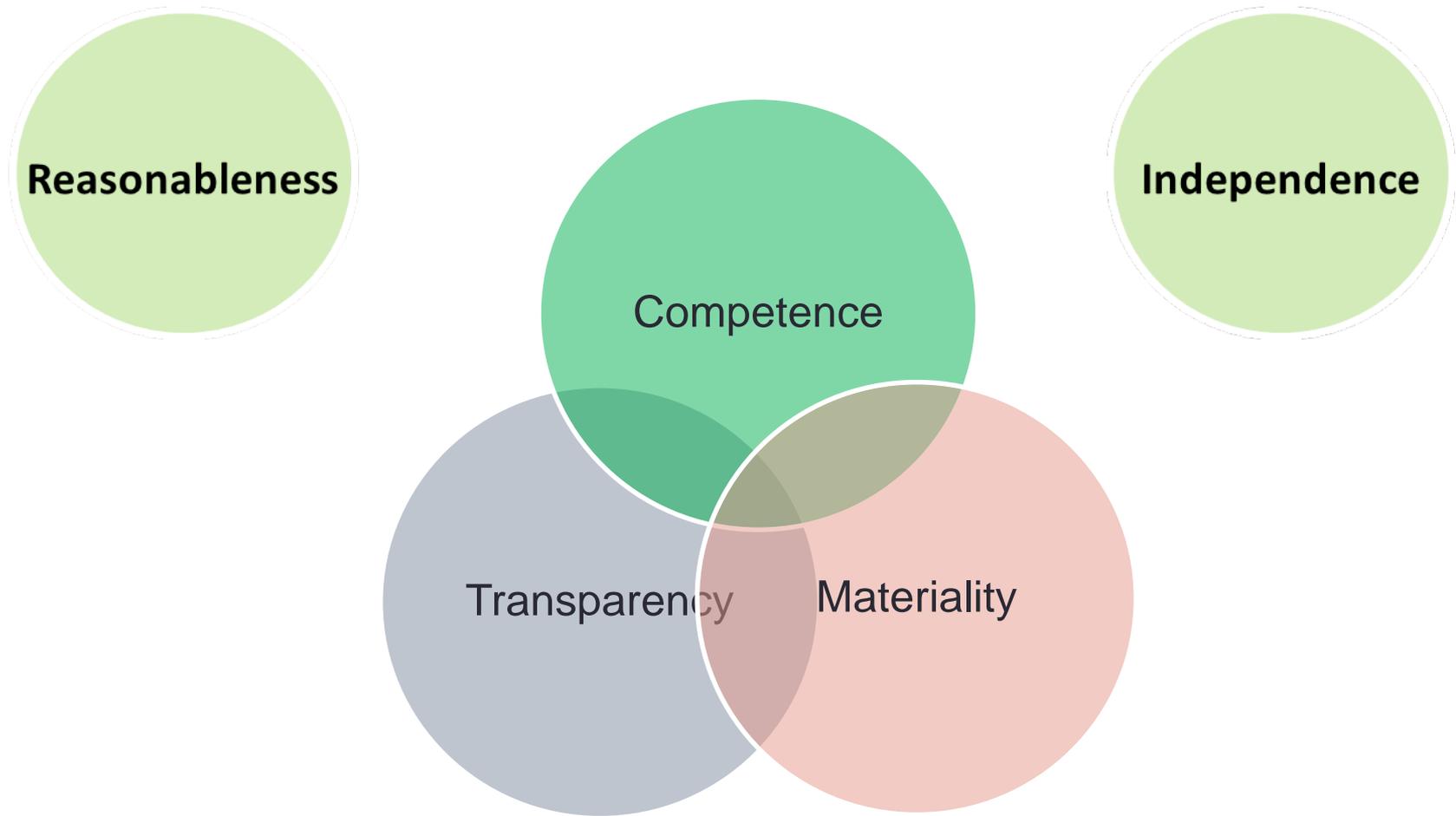
Alignment and consistency

- Improved alignment and consistency between the VALMIN Code and other important related documents
 - Companion to JORC Code (2012) and ASX Listing Rules Chapter 5
 - Cross reference to ASIC Regulatory Guides (RG)
 - Cross reference to Petroleum Resources Management System (PRMS)
 - Improved alignment with international minerals valuation codes including IVSC, CIMVAL, SAMVAL and draft IMVAL

Clarity about VALMIN Practitioners

- Practitioner
 - Securities Expert
 - Specialist / Representative Specialist
 - Professional
- Requirements
 - Securities Expert requires Australian Financial Services Licence (AFSL)
 - Specialist: Technical Assessment 5 years, Valuation 10 years (5 technical+ 5 years valuation NOT 10 years technical)
 - Professional: 5 years relevant experience

Core Principles remain unchanged



Core Principles + Independence + Reasonableness

- Competence, Materiality and Transparency remain the Core Principles
- Independence under VALMIN 2005 defined, now defers to ASIC RG's in VALMIN 2015 for more detailed tests of independence
- Reasonableness has become a key focus of ASIC in recent years which has caused confusion for many companies, and whilst referenced in VALMIN 2005, more clarity and prominence has been given to this Principle in VALMIN 2015 Exposure Draft

Clarity about report types

- Reports
 - Technical Assessment Report
 - Valuation Report
 - Independent Experts Report (IER) (aligned with ASIC Terminology)
- Content
 - Guidance on content – but not prescriptive
- Commissioning
 - Disclose fees (consistent with ASIC requirements of IER)

Guidance on valuation approaches

- Market Value and Technical Value definitions in closer alignment with IVS
- Improved depth and clarity of guidance on various valuation approaches and methodologies (income, market, cost based)
- Guidance for use of Resources and Reserves under the income approach
- Prohibition of *In situ* value and alignment with JORC

Requires greater transparency

- Adopts elements of the JORC Codes 'if not, why not' basis
- Mandatory disclosure of the costs of report preparation (in keeping with ASIC requirements for IER)
- More explicit guidance on written consents for public reports (declarations template)

Summary

- No longer a code used exclusively by consultants
- Structural differentiation between Technical and Valuation reports
- Improved domestic and international alignment between industry, financial and regulatory reporting standards

Next steps

- Make your submission via VALMIN website:
http://www.valmin.org/draft_2015.asp
- VALMIN Committee will be expanded to review submissions (AIG and AusIMM members can express interest by 28 June via:
<http://www.valmin.org/committee.asp>)
- Final loop through ASIC / ASX / Parent Bodies (AusIMM / AIG)
- Target release by end 2015
- Queries can be directed by email to:
contact@valmin.org