



Corporate Communications Department
Hong Kong Exchanges and Clearing Ltd
12th floor, One International Financial Centre
1 Harbour View Street
Central
Hong Kong

3 December 2009

Dear Sir,

Subject: Consultation Paper on New Listing Rules for Mineral and Exploration Companies

The IVSC is pleased to provide its views on the Consultation Paper but restrict our comments to Proposal 5J: Valuation Codes. We apologise for the late submission but believe that you are still open to receive comments.

The governance structure of the IVSC includes two independent technical Boards – the **International Valuation Standards Board** and the **International Valuation Professional Board**. Responses to consultations issued by related standard setters and others are submitted on behalf of the IVSC by the International Valuation Professional Board.

The Consultation Paper proposes that the VALMIN, SAMVAL or CIMVAL valuation codes all be accepted for the valuation of natural resources properties. However, it should be noted that these codes are country specific and not consistent in their requirements. The IVSC provided comment during the preparation of SAMVAL (2008) and the code acknowledges that "... it should be noted that national Mineral Asset Valuation Codes in other countries, and from Valuation and Accounting bodies such as the International Valuation Standards (IVS) and the International Accounting Standards Board (IASB) differ from each other and this Code".

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The VALMIN code (2005) refers to the fact that it is country specific and the IVSC work to develop international standards and guidelines. CIMVAL (2003) also refers to the IVSC and its objective to be consistent with the IVSC standards.

To meet the expressed long term goal of enhancing the Exchange's position as an international market for Mineral and Exploration companies to list and raise funds, the IVSC believes that the development of international standards that provide for consistent and comparable valuations should be supported wherever possible.

The current edition of the International Valuation Standards contains guidance on the valuation of extractive industries in Guidance Note 14 *Valuation of Properties in the Extractive Industries*. This guidance is currently under review and the IVSC would welcome the involvement and support of HKEx in this work.

Finally, we just draw your attention to the fact that the Hong Kong Securities and Futures Commission in its Code on Real Estate Investment Trusts (June 2005) permits the adoption of the International Valuation Standards as an alternative to Hong Kong national valuation standards.

We trust these comments are useful to you. If you wish to discuss any of them, please do not hesitate to contact the

Sincerely,

Chairman, International Valuation Professional Board