

CALLING ALL COMPETENT VALUATORS

By Andy Clay

Last week I attended a SSC Working Group meeting to discuss the proposed responses to the IFRS “Extractive Industries” document. There were almost no Competent Valuers represented. It is extremely important that Mineral Asset Valuers get involved in formulating a response to the IFRS document since the creation of the SAMVAL Code enshrines the valuation methods available for valuing mineral assets. It is also synonymous with CIMVAL and VALMIN as compatriot valuation codes. Therefore, we as Valuers must insist that these Codes are recognised and enforced so that Historical Cost and Fair Value methods form part of revised Accounting Standards.

It seems as though CRIRSCO will not take responsibility for the valuation codes and only the SAMREC/JORC/NI 43-101 family. If this is the case, then why is SAMVAL prepared under the SSC, Valmin under AusIMM and CIMVAL under the CIMM? Perhaps the IVSC should become the governing body? That would be ironic as the SSC made a conscious decision to bump them many years ago. Alistair MacFarlane will have a smile as will Trevor Ellis.

Please note that the JSE now requires compulsory valuations prepared to SAMVAL under Section 12 of the Listings Requirements and some have commented that the JSE has gone out on a limb. However, the new Hong Kong requirements Chapter 8 has also included a Competent Valuation and the requirement for “Independence” so the world moves on together?.

One criticism of Mineral Asset valuations is that it is regarded as “difficult” and subject to too many variables and uncertainties. All I can say is, there must be many other “assets” that are just as difficult to value such as financial instruments and agricultural assets but the world gets on and values them anyway. Even if we end up with a mixture of Historical Cost and Fair Value with the CIMVAL, SAMVAL and VALMIN Codes driving the methodologies that is still progress.