MMSA, in conjunction with the International Mining Professionals Society (IMPS), established a committee chaired by Barney Guanera and Neil Prenn in late 2001 to develop a code and guidelines that will provide comprehensive standards for the carrying out and reporting of any technical assessment or valuation of mineral assets. This document, The US Minval Code and Guidelines, is modeled after a similar document developed in Australia, and corresponds to documents currently being drafted in Canada and South Africa. It is hoped that the final documents approved by each of the respective governing bodies will be generally compatible, although differences will be recognized due to variations in local law and custom.

The Committee is now proofing the fourth draft of the overall document. It is organized into three parts. The first part consists of the **Code**, which is the general rules that are mandatory in the valuation of mineral properties. The second part is **Definitions**, which explains in common language the meaning of technical terms and professional “jargon” used throughout the Code. The final part is **Guidelines**, which elaborates on the standards defined in the Code and provides recommendations in mineral property valuation practice and reporting.

Mineral property valuations are carried out for a number of reasons, such as mergers and acquisitions, non-arm’s length transactions, support for audited financial statements, support for property agreements, litigation, expropriation compensation, insurance claims, components of corporate valuations, and fairness opinions, among the basic underlying tenets that must be followed in the valuation process and preparation of reports are:

- **Materiality**: all components that are relevant to derivation of value must be considered, such that by their inclusion or omission, a change in the conclusions reached by the reader of such a report might result.

- **Transparency**: all factual information, assumptions, and methodologies used in preparation of a report must be described or explained clearly in the report.

- **Independence**: there is no relevant financial or beneficial interest to be gained by the expert carrying the valuation and preparing the report, other than normal compensation for services rendered.

- **Competence**: the expert must possess the relevant qualifications and experience to carry out the valuation required.
• **Reasonableness**: a judgment determination carried out by the expert, in which all material factors are considered when developing a range of values determined by an expert in the assessment of fair value.

Although an expert in mineral property valuation is free to choose among a variety of methods and approaches, certain of these appear to be generally accepted as standard practice. Others are not so well-accepted, or have been discredited. The Code and Guidelines provides an architecture for making decisions in recognizing value in a mineral property to protect shareholders, property owners, and others. These tenets form the basis of that structure.

It is anticipated that the Minval document will be a “living” document, in that it will be subject to regular review and revision as methods and circumstances dictate. It is anticipated that the charge of the Minval Committee will be completed in the next several months and that this valuable set of criteria will be adopted for governance within the mining profession and that global acceptance of the Codes now in development will follow.

When complete, MMSA will have produced a document that required the leadership, experience and expertise that characterizes our membership – qualities necessary to carry out a difficult task The Committee is to be thanked for their efforts.

A closing thought of relevance to our membership is, given MMSA’s enforceable guidelines on ethics, qualified members should find themselves well placed to undertake valuation assignments, if they are so inclined.