VALUING MINERAL ASSETS AND OPERATIONS – UNDERSTANDING VALUATION ISSUES IN A CHANGING WORLD

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COURSE AGENDA

- Introduction (10)
- Module 1 – Resource/Reserve Issues (10)
- Module 2 – Standards of Value (30)
- Module 3 – Valuation Process (45)
- Module 4 – ESG Investing (10)

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FOUNDATIONAL CONCEPT

VALUE IS A PERCEPTION

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FOUNDATIONAL CONCEPT (CONTINUED)

AND, LIKE BEAUTY, IS IN THE EYE OF THE BEHOLDER

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THE NATURE OF VALUE

The economic concept of **value is not inherent** in the commodity, good, or service to which it is ascribed. Rather, it is created in the minds of the individuals who make up the market. [emphasis supplied] The relationships that create value are complex, and values change when the factors that influence value change.

[*The Appraisal of Real Estate*, 13th Edition, p. 15]

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DEFINITION OF VALUE

The monetary relationship between properties and those who buy, sell, or use those properties, expressed as an opinion of the worth of a property at a given time

> Comment: In appraisal practice, will always be qualified – for example, market value, liquidation value, or investment value.
>
> [*Uniform Standards of Professional Appraisal Practice, 2020 – 2021 Edition*]

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DEFINITION OF VALUE REVISITED

- Bill – What do you think that (*insert item*) is worth?
- Joe – Whatever somebody will pay you for it.

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SUMMARY OF KEY POINTS

- *Value* is not inherent.
- *Value* expresses an economic concept.

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APPRAISAL VERSUS VALUATION

- No bright line.
- An *appraisal* typically is considered to have been conducted under a set of formal standards.
- A *valuation* frequently applies to a less formal and less prescriptive process.
- In this context, an appraisal is a valuation but,
- Not all valuations are appraisals.

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