

INTERNATIONAL INSTITUTE OF MINERALS APPRAISERS

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IN THIS ISSUE

IIMA Spring Recap and Looking Forward
Calling all abstracts for the 2022 IIMA Meeting
IIMA Secretary's Update
Trademark Applied-For
Bylaw Change: Affiliate Members
Successful IMVAL Workshop

IIMA Spring Recap and Looking Foreward

With Spring 2021 coming to a close, many of us in IIMA are enthralled to see a pandemic year in our rear view mirror and more "normal" ahead. Spring 2020 marked the first IIMA/SMA virtual convention where two member presentations (thank you James Beck and Grant Malensek!) were recorded and available online to all IIMA members and the whole SME community.

In addition, three of our own IIMA members (thanks go out to Brian Groff, William Roscoe and John Manes) also took part in the well-attended and highly informative International Mineral Valuation Committee (IMVAL) virtual workshop held on May 13. The webinar attracted 70 western hemisphere attendees and 50 eastern hemisphere attendees.

Also, the CMA designation continues to gain recognition. As such, the IIMA has applied to trademark our certification in the months ahead. This effort further affirms the important distinction of minerals appraisal as a specialized field of its own. Thank you to our MEMBERS for your efforts and support!

Calling all Abstracts for the 2022 IIMA Meeting!

If you missed seeing your fellow minerals appraisers face to face in 2021, **you are not alone!** The 2022 IIMA meeting in Salt Lake City, UT is already being planned and your abstract can be an integral part of this program. The technical presentations at our IIMA meeting can include case studies, valuation methods, report writing, or perhaps your own personal tips when authoring reports. Member presentations typically run between 20 – 25 minutes. Please drop a line to one of our two session chairs, Betsy Suppes (bsupes@forgedalegeo.com) or Dennis Noll (etidennis@me.com) to indicate your interest in presenting a topic.

IIMA Secretary's Update

Darwin Werthessen

There are some changes and additions to the Chairpersons roles within two IIMA committees. Kevin Weller has assumed the role of Chairperson for the Mentoring Committee and Greg Scheig has been appointed as Co-Chair to the Website Committee. In further news, the Certification Committee has not received any new applications for Certification and there are no open ad hoc committees for Certification.

In other Committee news, the Website Committee has provided an update regarding the website edits and updates. The IIMA website has been under siege with spammers and hackers since time immemorable, and since the COVID-19 outbreak, those attacks increased several fold. Currently, only changes to existing members in each category are possible. The Website Committee is optimistic that the web developer will have full functionality and updating abilities restored in Q3 2021.

The Mentoring Committee reports there are no Associate Members currently without a mentor who seek one. The Mentoring Committee would also like to inform that the informal Mentor/Mentee Workshop will precede the Annual IIMA Social Gathering on February 28 from 15:00 to 17:00 in the IIMA Suite in Salt Lake City. Further details will be forthcoming.

The Continuing Education Committee has been providing regular updates via email as new courses become available. The Executive Committee of the IIMA would also like to remind and encourage all Certified and Associate Members to use the IIMA website's Continuing Education tracker to maintain current CE progress. As the website returns to full functionality, the Executive Committee will begin enforcing the regular audit of our Certified Members' CE requirements and compliance.

Lastly, from the Ethics Committee, it has come to the IIMA's attention that some practitioners are using the title "Certified Mineral Appraiser" without formal acceptance by a peer organization. While we know of no laws or rules regarding this practice, we firmly discourage it. In an effort to protect the integrity of our members and the diligence required to maintain this role, the Executive Committee and President John Gustavson have elected to trademark this designation to prevent indiscriminate use of the designation. More details to follow as progress is made.

Darwin Werthessen, Secretary

Trademark Applied-For

John Gustavson

After many years, but also with the increased Internet visibility, transparency, cyber terror, website hacking, phishing and what not, your Institute management has decided to apply for trademark protection for our "Certified Mineral Appraiser" designation. So, we filed the application (after a lot of computer "paperwork").

And, good news, we have just heard back from the U.S. Patent and Trademark Office that our application is correctly filed. The bad news is that it will take months before our IIMA trademark has been legally approved! In the meantime, we can at least say "Applied For" (bad English!)

Also, while the "Certified Mineral Appraiser" designation is on the way, we were unsuccessful towards also getting the "CMA" acronym trademarked. You can still use it, if Certified, and with your Year & Number following the CMA. But we cannot say that it is a trademark. The CMA acronym was taken.

Perhaps, at the time of the next IIMA Newsletter (or the one after that?) we can inform you that you may be a Certified Minerals Appraiser®. Until then, don't dare use the ®! Strangely, you could still use ™, because it has no legally binding effect! Many companies will opt to use the ™ symbol for new goods or services in advance of and during the application process. But ... better wait for the real ®!

Bylaw Change: Affiliate Members

At the regular Quarterly Executive Committee meeting on June 3, 2021, the Committee resolved anonymously under *Article 10 Amendments* to change the IIMA Bylaws to allow Affiliate Members to list their membership as *Affiliate Member* of the IIMA on reports, on business cards, in CV's, and comparable places.

Likewise, Affiliate Members will be listed in the IIMA Directory.

SUCCESSFUL IMVAL WORKSHOP

In May, the IIMA contributed greatly towards running a 3-hour international Workshop. Tim Knobloch provided and ran the Virtual Platform without a glitch, while John Gustavson managed the event as the current Chair of IMVAL. John also Emceed the Question-and-Answer period.

The mission of the *International Mineral Valuation Committee* (IMVAL) is to provide standards and guidelines for the harmonisation of the many international mineral valuation codes and standards.

A group of excellent speakers had been assembled by the Program Chair, Keith Spence from our sister association in Canada, CIMVAL.

The speakers, several of them from the IIMA, and their abstracts follow below:

1. Overview of IMVAL Template (4th Ed.) and What IMVAL Is. William E. Roscoe, CIMVal.

The International Mineral Valuation Committee was formed in 2012 following a VALMIN Symposium. IMVAL Committee Members currently include VALMIN, CIMVAL, SAMVAL, IIMA, and SME Valuation Committee, plus some Observer organizations.

The aim of the IMVAL Committee is to develop a principles-based template to be recognized as a common set of minimum requirements for national codes or standards for valuation of mineral properties (including petroleum properties). The IMVAL Template represents a consensus of current good practices and is updated from time to time. It outlines principles, requirements, guidelines, and definitions broadly consistent with those of IMVAL members and aligned with International Valuation Standards (IVS).

The first and second editions of the IMVAL Template were published in 2016 and the third edition in 2018. The fourth edition was released in April 2021 and incorporates updates to IVS and

Mineral Resources/Reserves as well as some clarifications.

2. Understanding the Value Differential of Early-Stage Exploration Projects. Michael Samis, CIMVal.

Greenfield exploration projects almost always have a significant value differential between the value stated in the economic analysis of the project's NI43-101 report and the junior exploration company's market capitalization. This differential may be used to attack the validity of the NI43-101 report and the junior exploration company. However, these criticisms demonstrate the lack of insight into the value creation structure of the exploration and design study sequence and the purpose of the NI43-101 report's economic analysis.

This presentation provides an overview of how exploration and design-study sequence moderate risk and creates value through staged investment even at the scoping study stage. It shows why the value differential is entirely consistent with a well-functioning junior exploration company. For an industry in which early-stage investments are viewed suspiciously, mining professionals need a framework to understand why value differentials exist so that exploration and technical risk are managed in a manner that creates value rather than inadvertently destroys it.

3. How the SEC SK-1300 Rules Influence Mineral Valuation In USA, Canada and in Other Countries? Brian Groff, SME and IIMA.

The U.S. Securities and Exchange Commission rule *S-K subpart 1300* became mandatory on January 1, 2021, for registrants engaged in mining activities. The rule is Federal law in the USA and includes the definitions for Mineral Resources and Mineral Reserves that are synonymous with those definitions promulgated by CRIRSCO and its members.

This paper considers how other Government agencies, banks, and the public may use SK-1300 for mineral valuation, conservation easement, etc.

4. Defining and Estimating Social Value.

Alexander Aronsohn, **IVSC**.

The concept of ‘Social Value’ is an area of growing government, public and commercial interest. However, its meaning is often clouded in uncertainty, with many definitions, and the lack of an internationally recognised measurement framework and standards of practice. While the concept of Social Value has relevance to both for-profit and not-for-profit entities, its growing importance is principally driven by investment or financial management decisions associated with entities with a not-for-profit focus.

The problems and challenges for valuers in the for-profit sector are, perhaps, better understood than they are in the not-for-profit sector. However, the lack of an internationally recognised valuation framework has the potential to result in jurisdictions and/or valuers developing their own divergent approaches and definitions. This has the potential to lead to reduced consistency, transparency and comparability across borders and asset classes, creating significant debate and reducing the credibility of such valuations amongst stakeholder groups.

This presentation explores some of the concepts and issues surrounding Social Value, which were contained within the IVSC Perspectives Paper.

5. Ethical errors in an International Valuation – How to manage such cases?

John Manes, **IIMA**.

Mineral interest valuations utilizing transaction-based methods for certain types of minerals may require analyses of non-domestic mineral valuation data. Several countries offer mineral valuation and resources standards/guidance. However, those standards and guidance may differ from the standards and guidance of the country where the mineral interest valuation is being performed or considered.

A valuer using non-domestic transactional data in a mineral valuation assignment might not understand the nature of the data being utilized.

Licensed/Certified Valuation professionals should be aware of professional ethics and competence issues that might arise when working with transactional data from a different country in order to stay in compliance.

This presentation will focus on some errors/issues observed in international, transaction based mineral valuations. Several key areas that require additional consideration include Economic Factors, Stage of Development, Transactional Details and Country Risk.

6. Choosing the Discount Rate in the DCF for Time-Value-of-Money - Should It Also Adjust for Other Risks? Lawrence Devon. Smith, CIMVal.

This presentation will address industry practice in determining discount rates for DCF valuations of mineral projects. Can this one variable adequately address time-value-of-money, NPV, risk and “viability”? The following topics will be discussed: Risk Adjusted Discount Rates (traditional approach);

- Starting with WACC;
- Stage-related risks;
- Jurisdictional risks (country risk);
- Soft risks (social, environmental);
- Which risks can be addressed by the discount rate? Which risks should not be addressed in the discount rate?
- Risk Adjusted NPV and Monte Carlo Discount rates for cost valuations.

The edited presentations are available for viewing or download in MP4 format at no cost on the IMVAL website <https://imval.org/> under TEMPLATE, followed by PRESENTATIONS at the bottom of that website page.

About 150 viewers followed the Workshop presentations.

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Special thanks to the contributions made. The strength of the IIMA organization is through the commitment, education, and contributions of its members. We are always looking for

articles to enhance our profession and welcome any material that members may provide.

All articles are contributed on a volunteer basis. The views and opinions expressed in any and all articles are those of the authors and do not necessarily reflect those of IIMA or your Newsletter Editor. If any IIMA member would like to professionally add-on to, rebut, or clarify any articles, I will feature such articles in the following newsletter. Thank you!
