

Chartered Professional Guideline 3: Areas of Practice

1. Areas of Practice: Valuation

The Chartered Professional discipline of Mineral Asset Valuation, "CP(Val)," applies to Professional Valuers engaged in the preparation of public valuations of Mineral Assets, which is to say, Professionals who judge, estimate, appraise, evaluate, value, rate or assess the economic worth of a Mineral Asset.

The CP(Val) area of practice is primarily for professionals qualified for Chartered Professional accreditation in one of the Core Disciplines (Geoscience, Mining, Metallurgy), and other professionals, members of the AusIMM, including but not limited to, accountants, lawyers, mineral economists, engineers, who conduct valuations, as defined by the VALMIN CODE (the "Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets" 2015 Edition); and/or the VALUATION OF PROPERTIES IN THE EXTRACTIVE INDUSTRIES of the INTERNATIONAL VALUATION STANDARDS issued by the INTERNATIONAL VALUATION STANDARDS COUNCIL ("IVSC Standard").

When a CP accredited Professional Valuer carries out a public valuation to be released in a jurisdiction other than Australia or New Zealand, the CP(Val) Professional must consider the relevant legislation and Codes that may apply to valuation in those jurisdictions. The public valuation must always comply with the requirements of the VALMIN CODE.

Applicants must show that their professional practice includes management, leadership, or consultancy in one or more of the disciplines identified above. The following Areas of Practice are offered as examples of experience that is required for registration as a CP(Val).

1. Mineral Property Asset Valuation

A CP(Val) Professional Valuer must be able to demonstrate experience in the preparation of valuation reports expressing an opinion as to the monetary value of a mineral asset.

Common terms for the value of a mineral asset are market value, fair value, and intrinsic value. The meanings of these terms differ. A mineral asset's intrinsic value may be subject to personal opinion and vary among valuers.

The VALMIN Code and the IVSC STANDARD include definitions for common bases of value and generally accepted practice procedures for valuing assets. Regardless, the valuation itself is generally conducted using one or more of the following approaches:

- i. Absolute value models, "intrinsic valuations," determining the present value of an asset's expected future cash flows;
- ii. Relative value models that determine value based on the observation of market prices of 'comparable' assets;
- iii. Contingent claim valuations where the value is contingent on some other asset or expenditure.

2. Technical Appraisals

- i. The preparation of a Valuation often requires the consideration of technical aspects that impact the current and future economic performance of a mineral project, for example:
 - a. The assessment of the prospectivity of an exploration property;
 - b. The economic estimation of resources and/or reserves;

- c. The assessment of the engineering factors that may impact the value of a mineral property;
- d. An evaluation of aspects of compliance with legal and government regulatory provisions;
- e. An assessment of a mineral projects social licence to operate.

**Chartered Professional Guideline 3:
Areas of Practice**

- ii. These reports must be prepared by CP(Val) Professional Valuers who are aware of the requirements of the VALMIN Code and the reasons for the preparation of the valuation.
- iii. A CP(Val) Professional Valuer preparing these reports must have demonstrable experience in the preparation of technical reports assessing the factors that may affect the economic outcome of the exploitation of a mineral asset.