

FAIR VALUE?

By Andy Clay

At the heart of the global economic crisis is the question of value and the creation of the most ridiculous oxymoron 'toxic assets'. The G20 identified 'Fair Value Accounting' as one of the critical remedies to prevent further financial chaos.

There have been a number of comments about Fair Value and not least is the issue of what methods should be used and how the values of the various classes of assets are calculated. Fortunately, the mining profession is ahead of the game and the merger of the SAMREC and SAMVAL Codes was fortuitous. However, experienced mineral asset valuers are in short supply. For this reason, fulfilling the industry needs for this type of work may be difficult.

At Venmyn, we maintain a database of historical transactions in most commodities and use the resource valuation curves to plot the results of the permitted approaches. These are very popular to visually demonstrate the relative merits of a value range.

Please do not hesitate to send your comments or questions to Andy Clay.