

Guidance Note 4.4

Interpretation of Clause 4.4 of the SAMVAL Code (2016).

Clause 4.4 states:

“The results from the valuation approaches and methods employed should be weighted ^[1] and reconciled into a concluding opinion of value in accordance with Figure 1. The reasons for giving a higher weighting to one method or approach over another should also be stated and justified.”

[1] This is a typo error – it should be “weighed” as used in clause 25 of the 2009 edition of SAMVAL Code.

Valuators should be aware that the use of the words “weighed” and “weighted” did not intend for a subjective weighting factors to be applied to the individual value ranges determined by the Cash Flow, Market and Cost Approaches to arrive at a final weighted average value.

The purpose of comparing (“weighing”) the results from the various Valuation approaches and methods is to provide corroborative evidence for the value ascribed to a mineral asset. In evaluating (“weighing”) the various results, the determination of the final value (the relative “weighting” of the different values) is dependent on the Competent Valuator’s experience and judgement. The Competent Valuator has to determine which of the valuation techniques used is the most appropriate for the asset being valued.

The use of subjective weightings applied to two or more valuation approaches and aggregating such weighted values in arriving at a final value is therefore not considered compliant with the SAMVAL Code.

Samcodes Standards Committee
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