

# VALMIN Code: 25 years of setting the standard

2019 marks the 25th anniversary of VALMIN – the world’s first code governing public disclosures pertaining to technical assessments and valuations of mining and petroleum assets and securities. This article celebrates this important milestone.

**Louis Rozman, Chair, VALMIN Code Committee**

**N**ow in its fourth iteration (1995, 1998, 2001 and 2015) the ‘Australasian Code for Public Reporting of technical assessments and valuations of mineral assets’ (VALMIN Code) sets out minimum requirements for the technical assessment and valuation of mineral assets and securities. The Code is suggested as guidance for good practice in valuing petroleum assets and securities. It is a companion to the JORC Code, which sets out minimum standards, recommendations and guidelines for reporting Exploration Results, Mineral Resources and Ore Reserves.

The VALMIN Code (2015) is based on international good practice as currently employed in the minerals industry and allows for professional judgement in certain instances. It includes reference to key relevant ASIC regulatory guidelines and ASX listing rules. The resulting Public Reports must be reliable and should be clear, concise, effective and include all the material information required by investors and their advisers when making investment decisions.

The VALMIN Code was the first of its type and its success has spawned the development of similar codes in other countries: SAMVAL in South Africa, CIMVal in Canada and more recently IMVAL – an international mineral valuation reporting standards template that aims to harmonise the language and concepts in the various mineral valuation codes. IMVAL is analogous to CRIRSCO, which provides an international resources and reserves reporting standards template for JORC-like codes.

## History

The history of the VALMIN Code follows a similar path to that of the JORC Code. The JORC Committee was first established in 1971 as an industry response to shortcomings in the promotion of mineral resources and reserves in public markets. Rather than have regulators

impose new laws on industry, a code was proposed so that the industry could manage itself. This led to the first JORC Code being published in 1989.

Similarly, the VALMIN Code can trace its origins to 1981 when the Sydney Stock Exchange sought assistance regarding resource/mineral asset valuations. This led to a series of recommendations being published in the AusIMM Bulletin in 1983 and a joint AusIMM/PESA (Petroleum Exploration Society of Australia) seminar in 1984, titled The Valuation of Mining and Petroleum Properties and Companies. However, these early steps were not formalised and hence had little impact until the NCSC (National Companies and Securities Commission, the predecessor of the ASIC – Australian Securities and Investments Commission) produced its draft Release 149 in 1988. Codification followed in 1990 with the release of NSCS’s Expert Reports on Mining and Petroleum Securities, Property or Lease or Other Assets. This NCSC code came after much consultation with industry, including AusIMM’s MINVAL 89 conference (the Blue Book). The NCSC ceased operations in 1991 and was replaced by the ASIC, meaning that NCSC Releases and Codes were no longer legally binding. This led to the formation of the first VALMIN Committee in 1991, with the objective of the mining industry taking the lead on valuation standards rather than having them imposed on our industry. The VALMIN Committee was tasked with developing a code that would replace and update NSCS Release 149.

The first version of the VALMIN Code (1995) was the culmination of four years’ work by numerous people representing AusIMM, MICA (Mineral Industry Consultants Association), ASX (Australian Stock Exchange), ASC, AMIC (later MCA – Minerals Council of Australia), SIA (Securities Institute of Australia), AIG



VALMIN Committee members following a VALMIN Code (2015) panel discussion in 2016, L-R: Ivy Chen, Jay Evans-Wheeler, Deborah Lord, Jeames McKibben and Steve Gemell.

(Australian Institute of Geoscientists) and PESA, and followed AusIMM’s VALMIN 94 Conference (the Red Book, which included the draft of the soon-to-be Code).

After a few years’ experience with the Code, revisions were made and the VALMIN Code (1998) was issued. With the turn of a new century, the need for further revision was highlighted by the AusIMM Codes Forum discussing JORC, VALMIN and ASIC’s update to the Corporations Act in 2001. This resulted in the VALMIN 01 Conference (the Green Book) and four years later the third version of the VALMIN Code (2005) was released.

In 2011 and 2012, the VALMIN Committee held seminars in Perth and Brisbane, resulting in the

publication of the VALMIN Seminar Series (the Gold Book). Input from this series of interactions and significant concerns and discussion with ASIC about recurring breaches of the Corporations Act 2001 led to the redrafting of the VALMIN Code between 2013-2015 and its approval in early 2016 as the VALMIN Code (2015).

Subsequent to publishing VALMIN Code (2015), ASIC issued Information Sheet 214 ‘Mining and Resources: Forward Looking Statements’, specifically to explain the existing rules regarding public reporting of production targets and forecast financial information in a single reference guide. Information Sheet 214 itself references JORC and VALMIN. ▶

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### VALMIN helps AusIMM professionals and corporations comply with the law

In an early meeting with ASIC in 2013, the VALMIN Committee was told by a senior ASIC officer:

We don't need VALMIN...everything we need is in the Corporations Act 2001 and our Guidance Notes, and the FAQs on the ASIC Website. But jeez, VALMIN makes our life a whole lot easier, because people who use VALMIN know what to do, what to look for, where to find the relevant Corporations Act provisions, regulations, guidance notes, FAQs, etc. If only the tech, biotech and other industries had a Code like VALMIN.

That says it all. The VALMIN Code, and its companion the JORC Code, are unique in providing guidelines for practitioners within an industry.

### Who should be using VALMIN?

In accordance with our Code of Ethics, AusIMM members must adhere to the VALMIN Code regardless of where or for whom the Public Reports are prepared, or the location of the Mineral Assets under consideration. This is also the case for AusIMM members with regards to the JORC Code. AusIMM members involved with the preparation of scoping studies, prefeasibility studies and feasibility studies must be familiar with the VALMIN Code. Where the output of those studies is to be used in reports being publicly disclosed or made available to potential investors, such as a Technical Assessment or a Valuation of the Mineral Assets or the Securities, then compliance with the VALMIN Code and appropriate sign-offs are essential.

Corporate finance and legal professionals involved in listing documents, mineral asset valuations and legal disputes also rely on the VALMIN Code to guide the work of the technical specialists they commission to assist them with the preparation of these documents.

### Additional benefit of the VALMIN Code

The VALMIN Code not only helps resource professionals and corporations to comply with the law. It also provides a framework that allows investors in the minerals industry to compare the values of very different classes of assets, of varying project size and maturity, in very different geological and national governance settings.

### Where to next?

The VALMIN Committee continues to liaise with Australian regulators to stay in touch with current market issues as these relate to VALMIN.

The VALMIN Committee also continues to interact with international minerals industry committees and international valuation standards bodies, to ensure that the VALMIN Code continues to represent best practice.

Following the success of the JORC Online Training Programs, AusIMM hopes to deliver a VALMIN training program. In the meantime, if you have any questions, please email us at [contact@valmin.org](mailto:contact@valmin.org).

The VALMIN Code (2015) is available at [www.valmin.org](http://www.valmin.org).

### Acknowledgements

I would very much like to thank the VALMIN Committee members who made the VALMIN Code (2015) happen and have helped manage it, a few have since retired:

Jonathan Bell, Deborah Lord, Jeames McKibben, Victor Rudenno, Steve Gemell, Ivy Chen, Matthew Greentree, John McIntyre, Jay Evans Wheeler, Pat Stephenson, Bill Shaw, and Darren Herdman.