

“If this deposit is worth that much, why hasn’t it already been mined out?”, and Other Lessons for Minerals Appraisers

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For this paper:

Appraisal or Valuation is:

A formal Market Valuation appraisal assignment



1. To be paid the final invoice for your appraisal assignment:

a) Do not give your client a market value that he does not want to hear.

or

b) Screen your clients well.

(Hopefully you will like yourself better if you don't go over to the dark side)

2. Double your rates, then require 50% be paid up front. (per S. D. Olmore)



3. If you are not having trouble collecting the final payment on 30% of your appraisals, you are:

a) generally contracted by the government

or

b) not telling the truth



4. An interview with a potential client is your time as the minerals appraiser to interview your potential client

Do you really want this assignment and this client?



5. If the mineral deposit is worth that much, why hasn't it already been mined out?

Always ask this if you hear a high value expectation, particularly during your interview



6. Beware of pre-existing stratospheric valuations

If you are honest, you will waste a lot of time pursuing those appraisal contracts and rarely receive one, or worst, get one of the contracts and not be paid you last invoice.

7. The appraisal will always take 50 - 100% more time than you budget

... particularly if you use transaction comparisons properly and are honest

7b. If you budget 50% more time for the next appraisal, it will still take 50 - 100% more time than you budget.

8. An undeveloped mineral property is substantially harder to appraise than a smoothly operating mining property worth 100-fold more

But, it is much more intellectually challenging to appraise the undeveloped property, despite likely being paid much less for your masterful analysis



9. Don't plan a vacation during the end of year holiday season.



10. Don't plan a vacation during the year.

If you do, book accommodations with a separate room for you to work in during the night while your family or partner sleeps.



11. Schedule the travel dates for your dream vacation to be before your next scheduled court testimony.

Otherwise, when the trial is postponed or continues for weeks beyond its schedule, you will be subpoenaed to appear during your vacation schedule.



12. Don't even try to convince your partner or family that visiting quarries and mining properties during vacation travel can be exciting.



13. If you travel extensively internationally, maintain a very good cell phone plan for voice and data.

14. When leaving on vacation, assure that you have your recent reports and work files on your laptop

... and that you do take your laptop with you, despite family or partner complaints

To assist a client who may phone you in crisis.

To prepare during the return travel for a newly scheduled deposition.



15. Don't make reservations to go to the PDAC convention in Toronto more than once per 3 years.

You can't get there more often.

16. When you reappraise a mineral property you previously worked on, you should learn what things you got wrong the first time.

If you don't, you are not digging deep enough.

17. Beware of attempting to update another minerals appraiser's appraisal.

Likely little work will be transferable

The philosophical differences in our work are frequently huge

- 18. Beware of attempting to update one of your own minerals appraisals

It will probably take much more work than you expect.

19. Beware of conservation easement appraisals for mineral donations

If the economics of the donation make sense, something is probably wrong.

Just because 80 out of 80 professionals use only the income approach to appraise the value Before Donation does not prove that is how the conservation easement should be appraised.

20. Be cautious of working under a Certified General Real Estate Appraiser

Interview that appraiser before accepting the arrangement

Will he respect your work or change it?

After he sees the complexity of your work, will he still be willing to take responsibility for it by signing the report that includes it?

21. Be aware that opposing attorneys will take your satirical comments from your papers and presentations and use them out of context against you in a trial.