Importance of mining equipment appraisal education highlighted
By: Gia Costella
Published: 7th September 2012

As mining activity ramps up on the continent, the huge mining equipment spreads currently existing in Africa are actively marketed by distributors; therefore, the mining industry should ensure that it is able to identify the best technology available for the processing, refining and smelting of commodities.

“Certain parts of Africa and other countries that have big mining players are influenced politically and economically, which a lot of people do not understand. "We hope to make this connection clear through our educational course," says international organisation of appraisal professionals American Society of Appraisers (ASA) fellow accredited senior appraiser Alan Iannacito.

He adds that other than surplus equipment or the refinancing of new and existing facilities, there may or may not be a case for tax abatement on the value of personal property, which is where appraisers play a role in the industry.

Iannacito is the co-author of the ASA's Identification and Appraisal of Mining and Minerals Processing Equipment course, which aims to address the valuation of mining and processing equipment, as well as prepare attendees to inspect a mining or milling operation.

"We will teach anywhere, should an opportunity allow us access to an operating mine and concentrator. "The ASA has presented an advanced mining course, which focused on life-cycle analysis of mining equipment in Australia, and will offer the course wherever the opportunity arises," he says.

"Where there is a free market, there is an opportunity for appraisal education."

Attendees learn about the different types of mines and processes, as well as hard rock mineral processing and coal preparation equipment, highlighting the types of equipment used at different mining operations.

The key factors needed to identify and describe equipment, as well as the details required for appraising equipment, are also covered.

"We emphasise that not everything is valued through sight and touch – there may be intrinsic value as well. "The course outlines three approaches to appraisal value – the cost, market and income approaches, which are the foundation from which to build any valid solution.

"The course devotes a pointed examination of the three approaches as they apply to mining and processing," says Iannacito, who adds that even seasoned professionals benefit from attending the course.

Values and losses are not as recognisable as they appear. Professionals in the mining industry are taught that cost is not the same as value. Despite seemingly unlimited resources, mines are not always profitable and can fail on the whim of the world market or government intervention, notes Iannacito.

The course was launched in 2009 and takes place from September 5 to 9 this year, in Butte, Montana, US. It is an advanced course; therefore, it is assumed that attendees are familiar with report writing and appraisal techniques, he says.

The event came about after the ASA identified the opportunity to address advanced valuation education in the mining and minerals processing industry, adds Iannacito.

When the course was proposed, by ASA education chairperson Richard Berkemeier, a mining and ore processing valuation specialist. With the assistance of co-teacher and mining engineer Allan Bowles, Iannacito wrote the course to teach the appraisal of mining and minerals processing equipment.
The course involves three days of classroom work and one full day tour of a mine, which covers the basic extraction and processes used from coal to hard rock mining. It concentrates on market dynamics affecting the supply and demand swings in the appraisal of equipment.

"Exploration, extraction and processing of metals and hydrocarbons are driven by economics and influenced by policy and the environment. "The average ultimate consumer does not understand the various problems that can plague a successful mine. The ASA helps inform and educate those who attend our event," says Iannacito.

To the ASA's knowledge, The Appraisal of Mining and Minerals Processing Equipment is the first mining equipment appraisal course taught in the US.

The first class was held in Denver, Colorado, with a tour of the Freeport McMoRan Henderson molybdenum mine and a hands-on experience at Hazen Research. The course has also been held in Tucson, Arizona, and in Duluth, Minnesota.

This year, the course will include tours of the Montana Resources copper mine and the Berkley Pit, a former openpit copper mine.

The course, which is limited to 20 attendees, attracts county officials, tax assessors, accountants and professional appraisers who want to understand that mining and ore processing equipment is a worldwide endeavour and increasingly controlled by large companies, says Iannacito.

"The course presents a great opportunity to earn 39 hours of continuing education credits and is held in a historical venue of mining and Western culture," he says, adding that the ASA will continue to innovate and refine the course in line with technological developments.