When a global gold mining company required a review of the business case for a $1 billion new development

We identified 187% more potential value and were able to give the company’s Board greater certainty around future cashflow

The Challenge
A global gold mining company required a review of its feasibility business case for a development project with a budget of over $1 billion. The company wanted assistance in assessing the robustness of the financial business case, technical options consideration and identifying a framework for evaluating and mitigating the different types of risks.

Increased analysis rigour was needed in relation to external economic inputs, especially in considering more capital-intensive options. Furthermore, the company needed professional support to apply value engineering techniques to test if the marginal project Net Present Value could be improved.

How we helped?
During this project, Deloitte assessed the current business case by fully reviewing and validating the project metrics and measurements. We developed a stochastic model and examined sensitivities to confirm the confidence level of the business case. In addition, we used probabilistic and decision tree model approaches to model the expected returns based on assumption sets.

We also developed a Risk Management Plan and Opportunity List, including Value Engineering Options. Different options were considered and evaluated to help optimise the capital investment. From a capital risk management perspective, these options were not only technical, but also involved applying option valuation approach to provide flexibility where inherent uncertainty existed.

Value delivered
This project not only provided the Board with greater certainty around the project’s Net Present Value and viability, but was also able to identify design improvements taking the potential business case value to 187% higher than the original business case, with a further upside potential of 195% through identified opportunities. The project culminated in the project being approved to proceed to the construction phase.
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