



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.



Contacts

Marc Philipp

Partner – Deloitte Consulting

Tel: +61 2 9322 7096

mphilipp@deloitte.com.au

Bruce Williamson

Partner – Deloitte Consulting

Tel: +61 3 9671 7772

bwilliamson@deloitte.com.au

Jon Ma

Partner – Deloitte Consulting

Tel: +61 3 9671 6401

jma@deloitte.com.au

Julian Dolby

Partner – Deloitte Consulting

Tel: +61 7 3308 7203

jdolby@deloitte.com.au

Anthony Robinson

Partner – Deloitte Consulting

Tel: +61 8 9365 8057

anthrobinson@deloitte.com.au

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

About Deloitte

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 170,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 5,700 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2012 Deloitte Touche Tohmatsu

DFE_HYD_Job 338_D7_01/12