

MINERAL ECONOMICS AND PROJECT MODELLING

A financial & economic bridging course for mining professionals

A practical & comprehensive introduction to accounting & financial decision making in the mining industry designed to enable technically trained employees to evaluate project investment decisions, build effective financial models & communicate effectively with the finance professionals

22-23 May 2019 • Perth



Laptops Required

Our Expert Course Instructor



James Hay

James Hay has over 25 years' experience in the Australian resources industry as an analyst & corporate trainer and has worked and consulted for companies including WMC, Woodside, Placer Dome & Minara Resources.

Key Learning Objectives

- ▶ No longer be at the mercy of financial jargon
- ▶ Build project evaluation and financial statement forecasting models
- ▶ Understand and interpret balance sheet and profit and loss statements
- ▶ Discover the distinction between cash flow and profit in mining
- ▶ Understand Free Cash Flow and develop share price valuations using an excel based forecasting model
- ▶ Develop effective and practical financial modelling techniques
- ▶ Learn the difference between cash costs and full costs in mining
- ▶ Learn how to manage for increased shareholder value
- ▶ Develop the confidence to have an effective conversation with corporate finance and accounting staff
- ▶ Improve your career prospects by moving from being a technician to a manager

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ABOUT THE COURSE

This course is specifically designed for professionals with technical training who aspire to move, or have moved, into a management role within the mining industry. A high level of technical expertise is no longer sufficient for superior management performance.

Technical professionals who wish to succeed in management are required to develop skills beyond their core functional knowledge and fully understand the finances behind informed and effective decision making.

The course begins with an introduction to accounting statements and the key performance measures that determine a company's financial performance. The course then moves to the fundamentals of financial theory and its practical application in the context of modelling project investment decisions. The course is delivered in a 'hands on' style and participants will gain firsthand experience at building flexible and robust financial models.

This course does not endeavour to turn the delegates into accountants – rather it will give participants the ability to converse with their company finance personnel, know what questions to ask of their accountants and financial analysts, understand and model project investment decisions, and be able to interpret and act on the information contained in company management reports.

WHO SHOULD ATTEND

This hands on course is specifically for all those working with the mining industry who would like more confidence with finance and economics fundamentals of mining companies and the mining industry

- Engineers and scientists
- Geologists and metallurgists
- Mine managers
- Lawyers and HR professionals
- Accountants and business analysts
- Any technically trained manager

Would You Like To Run This Course On-Site?

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EXPERT COURSE INSTRUCTOR



James Hay

James has over 25 years' experience as a corporate treasury executive, financial analyst and executive trainer. James has held roles in risk management, corporate finance and capital budgeting with some of Australia's largest resource companies.

More recently, he has established a corporate advisory and training business providing investment appraisal and financial educational services to a range of corporate and institutional clients. In addition to his consulting business, James is currently a Visiting Fellow at Macquarie University where he teaches Resources Industry Investment Analysis in the Master of Applied Finance program.

Since 1998, James has been the managing director of J.L. Hay & Co. Pty Ltd. He has advised on project investment decisions, business planning, and asset acquisitions and divestments. His clients include Japan Australia LNG (MIMI), Woodside, Placer Dome, ExxonMobil, and Minara Resources. From 1987 to 1998, James worked for WMC Resources Ltd initially in the Corporate Treasury in Melbourne and then in the Nickel, Gold and Petroleum divisions in Perth as a Senior Financial Analyst.

Since establishing his consultancy in 1998, James has developed and presented numerous workshops to corporate and institutional clients in financial management and analysis. James holds a BSc from Monash University in applied mathematics and earth science, an MBA in finance and accounting from Cornell University, and a BLitt(Hons) and PhD from The University of Melbourne in political science.

"Over the years I have attended many training courses provided by [Informa Corporate Learning]. I have always found the course content to be relevant and accurate and the course facilitators to be leaders in their field."

Analyst, ENI Australia Ltd.

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2-Day Course Outline

Introduction

- Course overview and objectives
- What financial issues are intrinsic to mining companies?
- What drives value in the mining industry?

The financial statements of a mining company

- The balance sheet
- The profit and loss statement
- The cash flow statement

Examining mining company financial statements

- Specific mining accounting issues
- Capital costs and operating expenses
- Exploration accounting?
- To what extent are mineral assets reflected on a balance sheet?
- Depreciation and depletion
- Provisions for remediation

Exercise

Review the financial statements of a listed mining company. What are the key measures of performance that can be taken from the statutory accounts?

Cash versus profit

- The difference between cash flow and profit
- The importance of cash flow to shareholders
- Using financial statements to forecast future cash flows

An introduction to financial theory

- Risk versus return
- The time value of money
- Sources of capital
- The cost of capital
- The capital asset pricing model
- Discount rates and hurdle rates

Valuation and decision making

- Net Present Value (NPV)
- Internal Rate of Return (IRR)
- Capital efficiency ratios
- Payback period
- New mine valuation versus reserve acceleration economics

Exercise

Building a simple mine valuation model to determine after tax cash flows in order to understand the basic concepts of discounted cash flow analysis

Taxation in mining

- Taxable income
- Investment incentives
- Treatment of tax losses

Exercise

Modelling depreciation and taxation in excel

Building flexibility into the mine valuation model

- Structuring an economic model
- Building in checks to avoid errors
- Creating scenarios

Exercise

Enhance our model so that we can switch between different assumptions and cases: Proved versus proved plus probable reserves, high versus low prices and costs

Inflation

- Real and nominal cash flows
- Inflation impacts on prices and costs
- Building inflation impacts into the model

Project financing and cash flows to equity

- Building loan accounts into the model
- Cash flow to equity method of valuation

Exercise

Complete our model by building in inflation impacts and a loan account

Sensitivity analysis

- Risks and sensitivities
- Simulation and Monte Carlo analysis
- Understanding and communicating risk

Financial Statement Forecasting

- Creating Balance Sheet and Profit and Loss forecasts from our project evaluation model
- Understand the concept of Free Cash Flow
- Use the forecasting model for share price valuations

Exercise

Complete our model by creating a profit and loss and balance sheet forecasting tool that reflects the different scenarios in available in the model. Use this model to estimate an example company share price and compare to the current ASX price

Course review and summary

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Easy Ways to Register

1 Web
www.informa.com.au/mineraleconomics

2 Telephone
+61 (02) 9080 4395

3 Email
training@informa.com.au

Stay Connected



Mineral Economics and Project Modelling

	Location	Course Dates	Super Early Bird price valid until 12 Apr 19		Early Bird price valid until 3 May 19		Standard price valid after 3 May 19		4+ Dels Discount	
P19GL29PE	Perth	22-23 May 19	\$2,195 + \$219.50 GST	\$2,414.50	\$2,395 + \$239.50 GST	\$2,634.50	\$2,495 + \$249.50 GST	\$2,744.00	\$1,916 + \$191.60 GST	\$2,107.60

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Informa Corporate Learning has a long-standing track record of delivering very successful customised learning solutions achieving real and measurable value for our clients through our senior training consultants.

If you have 8+ interested people, an on-site course can be the ideal solution – giving you the opportunity to customise our course content to your specific training needs, as well as attracting significant savings compared to public course costs.

Why Choose On-site With Informa Corporate Learning?

- 1. Custom design** – Together, we will identify the best blended learning solution for your culture, your people and your training objectives.
- 2. Quality assured** – We design market-leading training programs, concepts and methodologies, with a 400+ course portfolio. Our rigorously selected 900+ instructor faculty are recognised experts in their field. Quality of their content and delivery methods is assured through continuous monitoring and evolution.
- 3. On-site training** is a cost effective way to train your people and achieve your defined outcomes.

Our Long Standing Clients Include:

Ambulance Victoria, BHP, Department of Planning, Transport & Infrastructure, SA, Origin Energy, Electricity Generating Authority of Thailand (EGAT), ActewAGL, Ajilon, Arrow Energy, Barrick, Chevron Australia, Coffey International, ConocoPhillips, Dalrymple Bay Coal Terminal, Department of Education, ENI Australia, Fortescue Metals Group, IBM, Jemena, Office of the National Rail Safety Regulator, Pacific National, PT Freeport, Public Transport Authority – WA, QGC – BG Group, Rio Tinto, UBS, Woodside, IP Australia, ANU, Health Purchasing Victoria, Telstra, Queensland Rail, EY, Litmus Group and more...

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