

Improved Reporting of Mining “Feasibility Study” Results

by

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Abstract

A key step in the development of a mining project is the successful delivery of the project Feasibility Study (FS). The FS should provide the project developers, stakeholders and potential investors the confidence that the project is technically, economically and sustainably viable and with a full understanding of the risk profile. Such information should enable all stakeholders to make an informed decision to support the project going forward.

It is the authors experience that there are instances whereby a developer claims that a FS has been completed with a positive outcome, only if the schedule and cost estimate according to the timeline outlined in the FS is achieved. Such a scenario, which was common during the last commodity price boom, can leave investors confused and lead to volatility in the developers’ and JV partners’ share price. It is highlighted that current information is not always presented adequately to stakeholders from business perspective.

This paper presents how these scenarios occur with various adverse impacts, supported by several case examples. The paper also provides recommendations to improve reporting of FS results, similar to the format of a Table 1 that accompanies JORC Resource and Reserve reports. It is proposed that a Competent Person (CP), with relevant experience in study management and with a similar status to the CP role for Resource and Reserve statements, be responsible for opining on the content, quality and accuracy of the overall FS. This recommendation is in addition to the current CP roles and is on no account intending to replace these roles.

It is believed the recommended approach will be a step change in providing more relevant transparency and confidence, from a business perspective, to all stakeholders to participate in projects and ultimately in our industry as a whole.