Financial Modeling for Coal Projects

- A two day hands-on Excel based course -

Course outline

Financial modeling is regarded as best practice in the mining industry. The 2 day online Course comprehensively explains the philosophy and methodology of the best practice of financial modeling. It includes an explanation of the processes involved and the benefits derived from developing a financial model.

The online course explains the distinct steps to develop a financial model including:

- Financial Statements (Quarterly vs Annually)
- Financing and Valuation (DCF vs Multiple)
- Scenario manager and report

Important best practices of financial modeling for the mining project are also explored. These practice s include how to set model infrastructure, use excel tools and good formatting, simple - easy understand formula. The end result is a robust, flexible , transparent and consistence financial model to support decision making across all economical and financial aspects of a mining operation or project.

Course objective

During the course, participants will learn how to design and create a user-friendly model which can then be used by anyone with limited knowledge of Excel. You will learn how to:

- Build a financial model from scratch, or modify and improve an inherited model
- Reduce errors by building in error checks
- Create and use excel tools and functions on a regular basis
- Create data validation which enable a model to produce a series of results depending on scenario variable selected
- Mitigate liability by providing assumptions
- Present findings in a concise and meaningful way

Key Benefit

At the end of the course participants will:

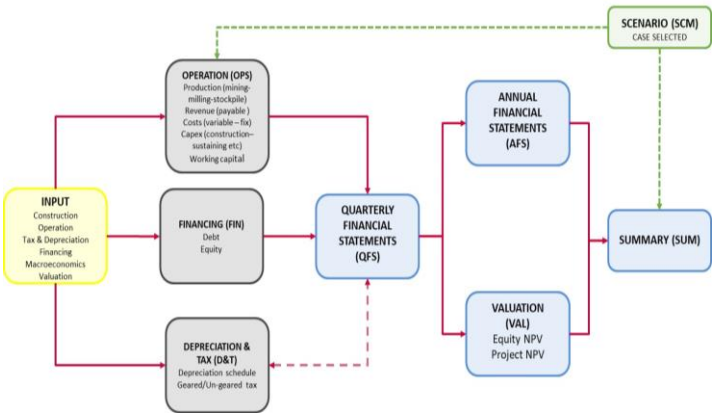
- Have acquired the knowledge of best practice of Financial Modeling
- Have acquired the excel skills to build financial model effectively and efficiently using tips and tricks in how to use available tools/function in excel

Delivery Format

This course is conducted as 3 x 2-hour online sessions on two consecutive days. At the conclusion of each formal session, a 10 min question-answer session is held where the instructor gives individual assistance and feedback.

During the course live, instructor will show how to apply each topic by simulating in excel. Participants will follow this simulation by comparing with the final result.

Financial Modeling Structure



Who should attend this course

This two-day course is designed for engineers, finance and business professional who wants to learn the best practice of financial modeling in mining projects.

Course facilitator - Nuzulul Haq

NUZULUL HAQ

Education:

- S1: Mining Metallurgy - ITB (1996)
- S2: Financial Management – UI (2002)

Work Experience:

- Metallurgist in Newmont Mesel (1997-1999)
- Process Engineer in Newcrest Gosowong (1999-2000)
- Planning and Economics – Medco Energi (2002-2017)
- Independent Consultant (2018 – present)
  - Founder of Decisive Value Consulting that specialize in advance project economics using modern valuation techniques for improved investment decision.
  - Author for several books related to Modeling valuation risk decision in resource-based industry

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Build on your existing modelling skills and apply new techniques to better analyze financial data to justify business decision in the most time-efficient and effective way

Course Outline Day One

1. INTRODUCTION

- Introductions and Objectives
- What is a financial model
- Three Financial Statement
- Excel Tools and Formula

2. KEY CONCEPT OF FINANCIAL MODELING

- Key accounting concept
  - ✓ Matching principle vs Realization
  - ✓ Capex vs Opex
  - ✓ Depreciation vs Amortization
- Issues and guidance in financial modeling
- Modelling best practice
- Boosting productivity modeling
  - ✓ Calculation are made in blocks
  - ✓ No daisy chains,
  - ✓ Place holders (with hard coded numbers)
  - ✓ Coloring imported and exported links
  - ✓ Excel shortcut keys

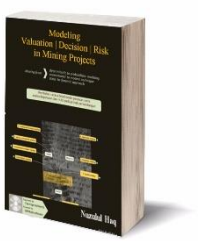
3.BUILDING INTEGRATED FINANCIAL MODEL

- Modular development
- Dependents and precedents
- Financial Model Structure
- Cell formatting key
- Setting up constant

Case study: Coal mine project

Course material

- Extensive course notes and excel spreadsheets
- Free book " Modeling Valuation Risk Decision in Mining projects " by Nuzulul Haq

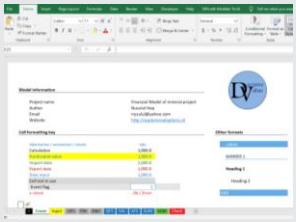


Decisive Value
Finance Consulting Boutique

Course Outline Day Two

4. MODULE INPUT

- Timing Development
- Construction input
- Operation input
- Depreciation & Tax input
- Financing input
- Macroeconomic input
- Valuation assumption



5. MODULE CALCULATION

- Module Operational
  - ✓ Production (Waste and Coal Mined)
  - ✓ Revenue (Price)
  - ✓ Opex (Fix – Variable cost and Royalty)
  - ✓ Capex
  - ✓ Working Capital (receivable – payable – inventory)
- Module Financing
  - ✓ Uses and sources of funds
  - ✓ Debt ratio, drawdowns, Repayment
  - ✓ Interest and fee (capitalized and no capitalized)
  - ✓ Equity – dividend pay out
- Module Depreciation & Tax
  - ✓ Method depreciation – accounting vs tax
  - ✓ Balance of Non Current Asset and Liability
  - ✓ Tax expense vs Tax paid
  - ✓ Deferred tax
  - ✓ Tax – Geared vs Ungeared

6. MODULE OUTPUT

- Module Financial Statement (FS)
  - ✓ Quarterly vs Annual (QFS vs AFS)
  - ✓ Cash Water fall
  - ✓ Financial ratio
- Module Valuation
  - ✓ Discount rate
  - ✓ DCF vs Multiple
- Module Summary
  - ✓ Report and Chart
- Module Scenario
- Module Audit

Course registration information available at http://explorerealoptions.id/training

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