

Navigating challenges in a rapidly changing energy and resources market

Recovering commodity prices, renewed optimism in the mining sector, and diversified ownership of Tier 1 mining companies are opening up opportunities for emerging and junior miners to enter the industry. CEO of WorleyParsons RSA, Denver Dreyer, explains how the professional services company can assist Tier 2 and 3 miners to address some of the challenges they face in getting their projects off the ground.

“The biggest challenge that junior miners face is access to funding. Mining is emerging from a recession into a cautiously optimistic incline. Against this backdrop, investors are more likely to back reputable companies and projects in known orebodies. As the market starts turning on the back of Tier 1 projects and investors, Tier 2 and 3 miners will benefit from the upswing as market confidence returns. These companies will require solid feasibility studies to make sure their projects are bankable and attract the right level of investment,” says Dreyer.

“It’s all about getting the concept, pre-feasibility and feasibility studies right up front, backed by a reputable, experienced company. WorleyParsons RSA will partner with Tier 2 and 3 clients along the project journey, laying solid foundations at the start of the project to gain investor confidence and to ensure success across the life of the project. If the work at study phase is not done correctly, the cost of changing at execution phase is very high and could have serious consequences further along the life of the project,” he adds.

Dreyer says that WorleyParsons RSA offers a range of appropriate solutions for junior miners and uses the analogy of ‘big nails for a big hammer, and small nails for a small hammer’. “Tier 2 and 3 companies do not require the same solutions as Tier 1 companies,” he says. “Together with our strategic advisory arm Advisian, we can offer junior miners fit-for-purpose, cost-effective solutions and tools to help them build a strong case to obtain investor funding. Our costs are among the best in the market and we are billing hours far more intelligently, using proven knowledge and processes, and the latest technologies.

“Engineering is facing an onslaught of unstoppable trends, from artificial intelligence that automates many of the standard design processes which in turns reduces the cost of design, to integrated digital modelling processes such as Building Information Modelling that have also been proven to greatly reduce design costs. WorleyParsons is at the forefront of innovation in the engineering sector and has a range of tools that can help Tier 2 and 3 clients build a strong business case, from modelling tools to enable potential investors to visualise the projects, to tools such as the StepWise process that evaluates the viability of a project, identifies risks and optimisations in a low-cost, quick and effective way,” says Dreyer.

“Our strategic advisory arm, Advisian, is the first contact point for clients who have prospective projects. While WorleyParsons typically works in the EPCM and PMC delivery of a project, Advisian operates in the inception and concept phase, providing advice on how to get a project started, understanding the challenges and coming up with customised solutions for successful, viable projects, thereby increasing investor confidence,” he explains.

“Along with the challenge of access to funds at the start of the project, junior miners need their projects to release value and put runs on the board quickly. Our mine planners are experienced in sequencing and designing a mine to first access the parts of the orebody which can be quickly

beneficiated to get cash on board, while simultaneously starting on mining the more complex parts of the mine for longer-term returns.”

Dreyer points out that in addition for the need of solid studies backed by a reputable global brand, he encourages junior miners to take note that there is a growing environmental consciousness among investors. These investors are increasingly aligning their portfolios with projects which reduce greenhouse gas emissions across their value chains, consistent with the Paris Agreement’s goal of limiting global average temperature increase to well below 2 degrees above pre-industrial levels.

As a company that provides solutions to the world’s complex energy and resources problems, WorleyParsons is at the forefront of ‘clean’ technologies such as fluidised gas desulphurisation in power plants and other processes that reduce or eliminate certain types of emissions.

“Global investors are steering clear of projects that will damage the environment. WorleyParsons can help Tier 2 and 3 companies meet this challenge and create a more sustainable future by helping them adopt the right technologies to create cleaner power. We can partner with them to offer ethical, sustainable and clean solutions that will align with investors’ objectives so that they can get their projects off the ground.

“In a rapidly changing world, unstoppable trends such as localisation, environmental consciousness and technology will continue to pose challenges to Tier 1, 2 and 3 companies alike. WorleyParsons is staying ahead of these trends and we are positioning ourselves to provide services that are relevant, appropriate and responsible, whether they are high-tech solutions for Tier 1 clients, or fit-for-purpose, cost-effective solutions for junior miners,” concludes Dreyer.

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