BLACKWATER MINE OWNER OPERATOR DEFINITION PHASE STUDY

The Client

BMA, Alliance of BHP Billiton

and Mitsubishi

The project

Transition of the Blackwater Mine from external mining contractor to BMA owner-operator

The Challenge

BMA conceived a proposition that improved shareholder value would be obtained by transitioning from the existing external contractor mining operation to self-performance and determined that this was to be proven by way of Definition Phase Study. The business case was to be fully developed in the preparation of the study, including:

- Selection of the appropriate assets for most efficient mining of the resource;
- Design and capital estimation of the infrastructure, including new MIA, for the selected assets;
- Scheduling and capital estimation of the entire transition including all operations readiness activities;
- Financial modelling of the NPV of the transitioned operation.

The Outcome

- The business case revealed that the appropriate equipment delivering the best improvement to NPV was at the leading edge of mine fleets, including largest commercially available face shovel and rear dump trucks.
- The study was completed on time and progressed through the independent peer review process with minor improvement suggestions which were quickly resolved before its submission for BHP Billiton's capital projects assessment.

The Assignment

Flagstaff was engaged to:

- Develop and operate the schedule for the study, monitor performance of all contributors in line with their plans;
- Develop schedule for the entire transition process including design and construction of new servicing facilities, plus procurement, manufacture, construction and commissioning of new fleet;
- Review and adjust the estimate for the capital works;
- Contribute to the business case risk assessment, and then conduct Monte-Carlo simulation of the risks to develop time and cost contingencies.



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