

Industry Insight on Due Diligence Exercises

Typical work streams involved in a due diligence

Within a due diligence process, there are typically several work streams that focus on different aspects of the evaluation. The work streams function in parallel, each specialising in a specific area of expertise or evaluation. Collaboration and exchanging of findings happen throughout to deliver a comprehensive due diligence assessment that encompasses multiple project dimensions.



- > **Project Overview:** Commences with collecting and examining pertinent details concerning the mining project, encompassing its background, present status, goals, and planned modifications or expansions.

At VBKOM, the Project Overview consists of:

- A project kick-off meeting
- Comprehensive data collection
- If required, a site visit will be conducted by the relevant technical experts

- > **Technical Reviews:** The systematic evaluation of the technical aspects involved, which encompasses a comprehensive examination and assessment of the available data. At VBKOM we provide tailored, fit-for-purpose solutions, and we can customise the due diligence to the client's desired focus areas.

- > Our areas of expertise include, but are not limited to:
 - Geology, Exploration and Mineral Resources
 - Metallurgy and Mineral Processing
 - Mining and Mineral Reserves
 - Property and Mineral Rights
 - Infrastructure and Administration
 - Environmental, Social and Governance
 - Legal and Tenure
 - Operational and Maintenance
 - Economics, Marketing and Logistics
 - Valuation
- > **Financial Review and Analysis:** Conduct a financial review and analysis to assess the project's financial viability, including capital expenditures, operating costs, revenue projections, and cash flow estimates. It also evaluates financial modelling assumptions and sensitivity analyses to understand the project's financial robustness. Clients can also be assisted in performing an asset valuation to determine deal parameters.
- > **Risks and Opportunities:** The risks and opportunities assessment, as part of the greater due diligence evaluation, is the systematic evaluation of the potential risks and opportunities associated with a project, process, or business endeavour. It involves identifying and analysing both the potential negative and positive factors that could impact the success or failure of the undertaking.

During this assessment, various risks and opportunities are identified, categorised, and evaluated. Risks are potential events or circumstances that could have adverse effects on the project, such as financial losses, operational disruptions, environmental and legal concerns, safety hazards, or reputational damage.

Opportunities, on the other hand, are favourable circumstances or possibilities that could lead to beneficial outcomes, such as increased revenue, project life extension, cost savings, market advantages, or technological advancements.

The assessment involves:

- Risk and fatal flaw identification, analysis, and mitigation
- Opportunity identification, analysis, and pursuit

The risks and opportunities assessment provides valuable, summarised insights to stakeholders, enabling them to make informed decisions, prioritise actions, allocate resources, and develop appropriate risk mitigation and opportunity exploitation strategies. It helps organisations anticipate and address potential challenges while leveraging favorable circumstances to enhance project or business outcomes.

- > **Report Presentation:** VBKOM prepares a comprehensive and unbiased due diligence report that summarises the findings, conclusions, and recommendations emerging from the due diligence exercise. The report provides a concise assessment of the project's technical feasibility, risks, opportunities, and potential returns.

VBKOM takes an advisory approach when conducting due diligence exercises, emphasising the technical as well as the financial aspects of mining projects. Our thorough due diligence process goes beyond flaw identification and prioritises recommendations to assist in the management and mitigation of identified issues.