THE MARQUEE GROUP

MINING MODELING 3:
(USING VALUATION TECHNIQUES INCLUDING DCF ANALYSIS)

SUMMARY

This hands-on course is focused on the practical implementation of Discounted Cash Flow ("DCF") valuation analysis for a mining company.

The skills required to build a DCF analysis will be discussed and incorporated into a mining model.

Participants will learn to recognize and avoid the most common errors that mining professionals make when creating a DCF analysis.

This course will also include a number of Excel tips and skills to help a user check and audit a financial model.

Timing: This course requires 1 day

Experts in financial modeling training and consulting

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LEARNING TOPICS:

Build a Detailed Income Tax Schedule

- ✓ Incorporate an income tax schedule to calculate current and deferred income taxes for the company
- ✓ Use a tax pool schedule to track the following items:
  - Capital Cost Allowance (CCA)
  - Canadian Development Expenses (CDE)
  - Canadian Exploration Expenses (CEE)
  - Tax Loss Carry Forwards (TLCF)

Incorporate a DCF Analysis

- ✓ Discuss the appropriateness of DCF methodology to value a mining company which is in production
- ✓ Properly calculate a company's unlevered free cash flows
- ✓ Calculate the tax impact of unlevering a company's cash flows
- ✓ Calculate the company's cost of capital and choose an appropriate weighted average cost of capital (WACC) range
- ✓ Discount the cash flows in the forecast period and ensure that the cash flows are discounted to the correct period
- ✓ Discuss common discounting errors and review the magnitude of discounting the cash flows to the wrong time period
- ✓ Discuss alternative valuation methodologies used in mining for early stage projects

Understand the DCF Analysis

- ✓ Use a number of powerful Excel tools to sensitize the outputs
- ✓ Incorporate appropriate ratios and performance metrics
- ✓ Create "flags" to warn the user if a covenant has been tripped
- ✓ Conditionally format output tables to highlight specific results

Recognize and avoid the most common errors that mining professionals make when creating DCF analysis