

Using unparalleled resource sector knowledge for on-budget developments

Building a Pre-Feasibility Estimate for a mining client

In 2014, our world-leading mining client was in the planning phase of a development to extract ilmenite, zircon and rutile around 150km north of Perth. This mine would provide employment opportunities for the construction phase and the consecutive 13-year lifetime - but the client required comprehensive estimating services to explore the potential investment and its associated cost beforehand. MGA became that service.

The client learned of MGA by word of mouth - a positive referral from a contact at one of their contracted engineering companies. We at MGA produced a proposal and went for an interview with the project manager. We won the job in 2014 for an original three-month exercise, which soon turned out to be for the better part of five years due to our unparalleled knowledge in the resources sector. Of course, the personal recommendation helped - but so did the fact we knew what we were talking about. Our extensive experience supplying estimating services for highly established, leading global mining companies sealed the deal.

From 2014 onwards, we were involved in the Pre-Feasibility Estimate which then moved into Definitive Estimate in 2016-2017. We produced the Executive Estimate in 2018 in late 2017, and the mine development project eventually commenced between 2018 and 2019.

Filling the gap with market knowledge

Our client approached us at MGA chiefly because they didn't have an in-house estimating resource, and nor did the engineering company they had contracted. Without carrying the estimating facility, the client was unable to ascertain a realistic view of the market - so estimating became the clear gap in the project. MGA worked to fill that gap. We were originally contracted solely for the Pre-Feasibility Estimate, but then we were re-employed for the next phase - and the phase after that!

Our unparalleled industry knowledge and our consolidated understanding of how an estimate pulls together allowed us to develop a solution and fostered our ongoing engagement with the client. The solution we eventually landed on involved gathering a significant amount of information from various assorted engineering prices the client brought in from the marketplace. Then we worked to pull them together and review them before incorporating them into the estimate. At the end of this process, we had produced three lots of estimates - one for each phase of the project. The client was able to clearly see the total cost estimate for materials, labour and other expenses during the preliminary phase, the detail phase and the eventual commencement of the mine development. There were some integration and adoption factors we needed to consider - as the client had gone a little too far down the line before we got involved, it was a challenge to work around some pricing already in place before we commenced the Pre-Feasibility Estimate. However, we still took those prices on board and made sure we could complete a review.

Working to strict deadlines in a staggered timeline

When the time came for implementation, MGA went above and beyond. Our commitment to the timeline was unwavering - throughout each change we were adaptive and responsive to client needs. In the mining industry, there are often aggressive timelines and there can be major repercussions if those timelines slip. Having to report a delay to the board of directors means there are very significant consequences if the project blows out or deadlines are not heeded - because the deadlines are set by the board!

For MGA, there was a time frame of three months for the Pre-Feasibility phase. All up, it became a two-year process - and MGA remained on the ball with it even though our engagement was staggered through the engineering phases. In order to meet these deadlines and work efficiently through a changeable long-term project, we allocated a scalable workforce. That workforce included an Associate Director alongside a combination of 2-3 Senior Quantity Surveyors and Lead Quantity Surveyors depending on how the workload ramped up and down. As the client did not have an in-house estimating resource, we worked alongside their Integrated Project Management Team and their contracted engineering company to make it a dynamic and collaborative experience.

We were also involved with some of the tender negotiations with contractors and completed some onsite post-contract work, which typically involved valuations and progress claims from the contractors, contractual remeasures and claims analysis.

Becoming a preferred contractor

The final set-up we arrived at after implementation was the executive estimate. Overall, the project came in under budget and on time. For the client, our estimating services equipped them with a better understanding of the market. The highly professional, comprehensively-experienced estimating team we provided highlighted tenders or estimating tender issues that may have occurred if we hadn't been involved. We furnished the client with the full package, from estimating through to post-contracting services and team continuation - and that team is still working with the client today. We are pleased to report that MGA has become the client's preferred contractor for estimating.
