Introduction

Projects in the oil, gas, and mining industries typically involve significant capital investment, lengthy development timelines, and high levels of risk. These projects not only affect the companies involved but also have a broader impact on the economies of the countries in which they operate.

This course on oil, gas, and mining project finance aims to strengthen participants' abilities to assess financial decisions, identify suitable funding sources, and manage financial risks, including fluctuations in oil and gas prices and the volatile market prices of minerals. Through the analysis of relevant case studies, participants will gain practical competencies that are essential in these sectors.

For those particularly focused on the oil and gas finance sector, a dedicated module will explore the intricate details of oil and gas project finance. This part of the course will highlight the financial instruments and strategies that are crucial for the success of such projects.

Additionally, the course offers a forum for professionals to engage in discussions about upcoming oil and gas finance conferences, providing opportunities for further networking and learning about the latest industry trends.

Target Audience

- Engineers
- Project and Process Managers
- Technical Managers, Team Leaders, and Line Managers
- Finance Managers and Professionals
- Professionals at any level involved in project management

Learning Objectives

By the end of this course, participants will be able to:

- Understand the financial characteristics and challenges of oil, gas, and mining projects.
- Recommend financing methods suited to oil, gas, and mining projects.
- Assess the financial costs associated with projects in the oil and gas sector.
- Evaluate the economic viability and sustainability of projects in these industries.
- Propose strategies to improve a company's financial position and project profitability.

Key Competencies

Upon completion, participants will be proficient in:

- Understanding the financial dynamics within the oil, gas, and mining sectors.
- Applying best practices in investment appraisal specific to these

industries.
- Analyzing and evaluating case studies relevant to their roles and organizations.
- Mastering contemporary international financial management and evaluation methods.
- Managing and mitigating risks associated with volatile commodity prices, such as oil, gas, and minerals.

Course Content

Unit 1: Overview of Oil, Gas, and Mining Projects

- An introduction to oil, gas, and mineral resources and reserves.
- Exploring the unique financial characteristics of oil and gas projects.
- Understanding the financial impacts of projects in these industries.
- Discussing market volatility, including fluctuations in oil, gas, and mineral prices.
- Examining the strategic challenges in the finance of the oil and gas industry.
- Exploring financing strategies for natural resource projects tailored to oil and gas.

Unit 2: Financing Oil, Gas, and Mining Projects

- Identifying key sources of both long-term and short-term project financing.
- Understanding the structure of equity and debt financing within oil and gas projects.
- Examining the differences between recourse and non-recourse financing.
- A deep dive into project financing, particularly for oil and gas projects.
- Learning about Special Purpose Vehicles (SPVs) and their role in project finance.
- Understanding the use of bond guarantees and letters of credit in financing.

Unit 3: Appraisal and Financial Analysis of Oil, Gas, and Mining Projects

- Learning techniques for selecting projects that align with business goals.
- Forecasting income and costs, focusing on cash flow projections for oil, gas, and mining projects.
- Identifying and evaluating risks from projected cash flows.
- Calculating the cost of finance, including Weighted Average Cost of Capital (WACC), Capital Asset Pricing Model (CAPM), and arbitrage pricing in oil and gas finance.
- Applying various capital investment appraisal techniques, such as Payback Period, ARR, NPV, and IRR.
- Developing financial appraisal skills using advanced spreadsheet tools.

Unit 4: Risk Management in Oil, Gas, and Mining Projects

- Identifying risks in oil, gas, and mining financing, including technical, logistical, environmental, and financial risks.
- Learning financial risk management techniques and the role of derivatives in mitigating risks.
- Using sensitivity analysis and Monte Carlo simulations to assess financial risks in oil and gas projects.
- Evaluating the impact and probability of risks, particularly regarding fluctuating commodity prices.
- Studying derivative markets and their application in managing financial risk.

Unit 5: Evaluating the Financial Performance of Oil, Gas, and Mining Projects

- Assessing how oil, gas, and mining projects align with governmental and organizational objectives.
- Evaluating the financial performance of projects using metrics like Return on Equity (ROE), Debt Service Coverage Ratios (DSCRs), and Value for Money (VfM).
- Analyzing the economic Net Present Value (NPV) and the value generated from financing these projects.
- Conducting cost-benefit analysis to assess financial value versus economic value added.
- Developing strategic financing plans to meet future needs in the oil, gas, and mining sectors.