An Estimation Error

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# ABSTRACT

This paper outlines the contributing factors to an erroneous Mineral Resource estimate which led to considerable loss, including significant reduction of mine life and consequently a large public write-down of asset value. The error prompted divestment of the mineral asset in the short term by the owners, a major Australian mining company.

There were multiple and complex contributions to the result.

* The mine was undergoing a transition in the deposit geology with increasing depth that was not accommodated in the model.
* There was a lack of recognition of and confidence in site-based input and skills by corporate technical management.
* The site had a reputation internally for over-delivery to plan and it was used to support the anticipation of ongoing metal delivery in the mine plan by corporate managers.
* A corporate-level lack of confidence in site being able to adequately domain the mineralisation led to the use of a CIK domaining process rather than one which was geologically based. This domaining process led to gross over-statement of mineralisation trends which was reflected in the subsequent hard-bounded OK estimate.
* Timelines on the outsourced estimation process were so short that validation was not possible. Obvious errors in the estimate vs data were not able to be used to correct the issues and site Competent Person signoff was in absence of any checks.

It will not be easy to write this case study paper in a way that will allow its publication with prior (or potentially current) owner permission, yet I am keen to try. We need more examples of our failures in estimation process both human and technical.

300 word abstract here…(Use ‘Body Text’ style)