



**RDJ ADVISORY**

Tax and Advocate

TAX AND LEGAL INSIGHT

ISSUE #39 | OCTOBER 2026

MINING / INVESTMENT GOVERNANCE

# From Mineral Resources to Investment Value

## Why Project Economics Matter More Than Resource Size Alone

Geological potential is only the starting point. Investment value also depends on costs, cash-flow timing, market exposure and the quality of execution.

RESOURCE SCALE IS NOT PROJECT VALUE

GENERAL INFORMATION | NOT FINANCIAL OR INVESTMENT ADVICE

RDJ ADVISORY - Tax and Advocate

[www.rdj-advisory.com](http://www.rdj-advisory.com)



## 01 ADVISORY NOTE

# Resource size is not a valuation.

A substantial Mineral Resource - or even an economically mineable Ore Reserve - does not, by itself, establish an attractive investment return. Project decisions also require credible assumptions on capital, operating costs, realized prices, development schedules and risk.

## 02 THE FOUR VALUE DRIVERS

### 01 CAPITAL INTENSITY

Initial mine development, processing and infrastructure expenditure shape the funding burden.

### 02 OPERATING ECONOMICS

Unit costs, recovery, logistics and production profile drive margins throughout mine life.

### 03 MARKET EXPOSURE

Price, product quality, demand and foreign-exchange movements affect realized cash flows.

### 04 EXECUTION & FUNDING

Permits, delays, rehabilitation, debt service and liquidity can change project outcomes.

## 03 INVESTMENT LENS

### NPV

Discounted cash-flow value under explicit assumptions.

### IRR

Indicative return compared with funding and risk hurdles.

### STRESS TESTS

Sensitivity of outcomes to price, cost and timing shocks.

### RDJ ADVISORY PERSPECTIVE

Sound capital allocation connects geology with commercial assumptions, legal readiness, project execution and downside resilience.



## CLOSING PERSPECTIVE

# The real question is value creation.

Mine economics bridges resource potential and investment judgement. A technically feasible operation still needs resilient cash flows, disciplined capital allocation and a workable financing structure.

## FOUR GOVERNANCE QUESTIONS

- 01 Are geological assumptions and resource / reserve classifications clearly distinguished?
- 02 Do price, cost, CAPEX and scheduling assumptions withstand adverse scenarios?
- 03 Are permitting, logistics, rehabilitation and funding reflected in project cash flows?
- 04 Is the investment case independently reviewed before capital commitments are made?

### KEY TAKEAWAY

**A larger resource does not automatically mean a stronger investment.**

REFERENCES: JORC Code (2012), Clauses 20, 28-40 (international reporting context); RDJ Advisory editorial analysis.

DISCLAIMER: For general information only. This publication does not constitute financial, investment, tax, legal, valuation or other professional advice. It is not an assessment of a specific mine or security. Readers should seek professional advice relevant to their circumstances.