

# EXPLORE NEW APPROACHES THINKING DIFFERENTLY



**INDUSTRY/** Mining

**LOCATION/** U.S.

**HiFX**  
INTELLIGENT CURRENCY SERVICES

**SERVICE/ FX ADVISORY**

## MINING, INC.

### ➤ **BACKGROUND**

Mining, Inc. is a U.S. public company involved in international oil and gas exploration and production. The company has producing properties and exploratory projects throughout Europe.

### ➤ **CHALLENGE**

Despite extensive research, it is not until exploration begins that Mining, Inc. begins to understand the scope of the project undertaking.

Raising capital from banks and private institutions, it is essential that project costs arrive on budget. As a US based company with heavy European based expenses Mining, Inc. is subject to significant FX movements. Historically the company has been guided in their FX dealing by projects timelines, simply trading currencies when the overseas project needed financial assistance. Significant weakness of the dollar required a change in that approach.

### ➤ **APPROACH**

HiFX approached key personnel from the Mining, Inc.'s operations to better understand the problems faced throughout the exploration phase and the uncertainties faces by their business model. With such variability of time frames and financial requirements it became apparent that an "off the shelf" hedging solution was not appropriate. Through in-depth discussions HiFX was able to identify those variables which were controllable and those which were not. This facilitated the development of a customized hedging solution whereby Mining, Inc. systematically calculated effectively hedging levels based on varying market and internal forecasts. The company also successfully expanded its forward rate arrangements with its banks.

### ➤ **RESULTS**

Mining, Inc. was able to develop a more proactive management program which resulted in increased savings from centralizing FX transaction execution. In addition to obtaining better rates of exchange the company was also able to reduce its susceptibility to adverse rate movements through expanded utilization of forwards, and more intelligently timed use of spot transactions. Combined these programs allowed Mining, Inc. to lower overall project costs.