How Society Benefits From Mining and Metals Production

Keynote Presentation
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Introduction

1. Nature of the Industry

2. Mining contribution

3. Metals contribution

4. Reality check

5. Conclusions
Distribution of mining projects globally

Source: Interra Resources Intelligence (September 2010)
Nature of the industry

Mine project life cycle, multiple (5 – 7) generations

www.icmm.com
The Sharing of Mining Revenues ($25,012 million to 2034)

- Government Taxes and Royalties: 15%
- Loans and Interests: 10%
- Production Costs: 57%
- Share Holders: 11%
- Capital Reinvestment: 7%
Message 3: NATIONAL versus LOCAL level Impacts

Available at http://www.icmm.com/page/15956/mining-in-tanzania-what-future-can-we-expect
Overlapping Interests = Opportunities for Partnerships

Community interests
- Income
- Training
- Infrastructure (S&E)

Government interests
- Education
- Health
- Roads

Overlapping interests
- Skilled employment at mine
- Broader base of economic activity
- Small business training & development
- Maintenance & supply contracts
- Healthy workforce and community
- Enhanced social indicators

Company interests
- Good community relations
- Effective suppliers
- Reliable staff

Civil Society interests
- Small-medium enterprise development
- Capacity building
- Gender equality
Health care support is highly valued

Community healthcare is a mutually beneficial activity to realise the short- and long-term benefits of co-existence
Resource Endowment: 3 key messages

1. The resource curse is not inevitable

2. Governance is key to both avoiding the resource curse and enhancing the benefits of mining

3. Where governance is weak, multi-stakeholder partnerships around six themes can enhance development outcomes…

   ...by growing the size of the social and economic benefits pie

   ... and by ensuring agreement of shared objectives and clear roles and responsibilities
Resource Endowment Initiative: Mining Partnerships for Development

✓ To help members enhance the economic and social benefit derived from mining, minerals and metals at local, national and global levels.
Resource Nationalism remains a dominant concern

- Windfall taxes, higher royalties, equity shares, nationalization...
Water management

Mining companies can make a significant contribution to the provision of safe, clean and adequate supplies of water to neighbouring communities through involvement in local catchment basin management.
The metals and minerals life cycle

1. Exploration
2. Reserves
3. Mining and milling
4. Concentrate
5. Primary smelting and refining
6. Secondary smelting and refining
7. First products
8. Manufacturing
9. Consumer products
10. Wholesale and retail trade (Domestic and international)
11. End-uses
12. Recycle

11 produce refined metals
7 produce semi-fabricated products
3 produce consumer products

African Rainbow Minerals
Barrick
Codelco
Goldcorp
Gold Fields
Lonmin
MMG
Newmont
Rio Tinto
Teck
Vale
Anglo Gold Ashanti
Areva
BHP Billiton
Freeport-McMoran
JX Nippon Mining & Metals
Sumitomo Metal Mining
Xstrata

Areva
JX Nippon Mining & Metals
Mitsubishi Materials
Teck
Vale
Xstrata

2 recycle old-scrap at primary smelter
6 recycle old-scrap at secondary smelter

Hydro
Sumitomo Metal Mining

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Intrinsic value of metals

- Durability, strength, malleability and ductility
- Recyclability
- Health benefits including nutrition and anti-microbial properties
- Environmental benefits through pollution control and ‘green’ technologies
- Technical enabling properties in electronic, magnetic and optical applications
Metals as part of the “Green Economy”

Key to solutions for global sustainable development issues

ENERGY SECURITY:

• the provision of electricity has and will always depend on metals

FOOD SECURITY:

• many metals are essential nutrients that humans need or life and that crops cannot survive without

POVERTY ALLEVIATION:

• enabling development and reducing the impacts of poverty
Managing the value of metals

![Graph showing the value of metals over time, with stages for material, product, investment, and resource.](image-url)
Reality check: key trends

1. **Increasing public concerns** (climate change, water, human rights, biodiversity, corruption and transparency, workplace fatalities, distribution of economic benefits of mining, poverty reduction, indigenous peoples’ role in decision-making)

2. **Intensifying political struggles over distribution of resource rents**

3. **Increased emphasis on corporate social and environmental practices**

4. **Increased NGO campaigning on a range of issues** (community consent, ethical sourcing, biodiversity, energy minerals, chemicals management)

5. **Increasing complexity and breadth of issues facing the industry**

6. **Growing recognition that no single interest can address issues effectively** (growing need for multi-interest collaboration)
Understand the contribution

Benefits

Responsibilities

Costs + Risks
We need strengthened company action, government regulation and public support that:

1. Recognizes the full range of benefits, costs, risks and responsibilities over both short and long term

2. Shares responsibility through collaboration, encourages transparency and accountability

3. Is rooted in a drive for effectiveness and efficiency

4. Reflects vitality, strength, innovation and pride
For further information:
www.icmm.com