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15 April 2002

The Project Manager
MMSD Project

COMMENTS ON THE MMSD DRAFT REPORT – Anything missing?

Dear Sir/Madam,

After speed-reading the above report, I concluded that the views of the mining entrepreneur are largely missing, which makes the report unbalanced. The comments below follow the theme of the mining entrepreneurial process, dynamics and incentives to create and sustain value on behalf of its shareholders and other stakeholders:

- ◆ On page 1-5, the question is asked, “what is sustainable development?”. This question is addressed without recognising that mineral deposits are depleting and non-renewable assets. This fundamental reality cannot be ignored and must focus the mind on “windows of opportunity” for the mining entrepreneur, the community and the government. These windows of opportunity, or life-of mine provide limited time for all stakeholders to benefit from the value created from dormant mineral deposits.

For mining companies to remain sustainable, they have to move from one mineral deposit to the other. It's up to the communities and the host government to make the best use of a “once in a lifetime” opportunity when mineral deposits are converted into monetary value in their own back yard.

- ◆ On page 8-15, managing and distributing mineral wealth is discussed. No recognition is given to the following:
 - Wealth has to be created first, before it could be managed and distributed. Creating wealth and managing wealth are of equal importance and must be assessed as one integral issue.
 - It is the responsibility of the government, the community and employees to manage their earning (salaries, royalties, tax etc) from the mining venture prudently. So often one stakeholder squanders its portion of the wealth, then blame the other stakeholder for the consequences! You have to recognise collective and individual responsibilities in creating, managing and enjoying wealth.
 - The “virtuous cycle of mineral development”, which is triggered by the mining entrepreneur and to be managed by the community and governments, long after the mineral deposit has come to the end of its economic life.

- ◆ On page 14-18, improving industry performance is discussed. The interface between an entrepreneur's concerns and policy/codes/guidelines is missing. In this regard policies should recognise the following entrepreneurial dynamics in a local, regional and global context:
 - The competitive advantage of nations, the 5-forces of industry competition and other mineral economic forces and fundamentals.
 - For industries to be sustainable, attention should also be given to their related and supportive industries – looking at “mining industry clusters”. Hence, the role and responsibilities of mineral traders, support services, suppliers, etc should also be considered in a holistic manner.
 - The mining industry is in need to attract investment capital from other industries, perceived to be of lower risk and higher returns. No easy task!
 - The barriers to creating and sustaining value. Also what potential stakeholders could do to attract mining development capital.

- ◆ On page 14-23, stakeholder engagement is discussed. Why are mining entrepreneurs and their shareholders being ignored as stakeholders? Here we need a paradigm shift in thinking, away from an “us” and “them” mentality.

- ◆ I miss the global interplay between mining entrepreneurs and governments as strategic alliance partners to create and sustain value for shareholders and citizens in the host and home countries in a win-win manner.

- ◆ Today's mining entrepreneurs fully subscribe to the philosophy of the “triple bottom line”, namely financial-, environmental- and social deliverables. This is evident from the list of major mining companies requesting/supporting this research.

I would like to conclude that the above theme should be expanded into another research module in order to provide balance to the MMSD report.

I trust that the above comments may add value to the excellent work done so far by the MMSD Project Team.

Yours sincerely,

Signed on 15 April 2002

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