



DGG Luncheon

MAUREEN UPTON

Principal, Resource Initiatives

Stakeholder Relations & the Pursuit
of Social License to Operate (SLTO)

16 APRIL 2014, FOUR SEASONS, DENVER CO



THE **Denver Gold Group (DGG)**

WAS **ESTABLISHED IN 1989** AS A
NOT-FOR-PROFIT INDUSTRY ASSOCIATION THAT
SUPPORTS THE UNRIVALED WEALTH CREATING
POTENTIAL OF PRECIOUS
METAL EQUITIES.

THE **DENVER GOLD GROUP**

IS THE INDUSTRY REPRESENTATIVE FOR
SEVEN-EIGHTHS OF THE WORLD'S
PUBLICLY TRADED GOLD AND SILVER
MINING COMPANIES.



7/8th



MEMBERS OF THE DENVER GOLD GROUP



ARE ACTIVE IN



68 COUNTRIES ON **6 CONTINENTS**

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Stakeholder Relations in the Digital Age

April Networking Luncheon

Denver Gold Group

Denver, CO

April 16, 2014

Maureen Upton

Principal



What is a stakeholder?

1. Investor – current or potential shareholder (or lender)
 2. Community member
 3. Regulator
 4. Current or prospective employee
 5. Multilaterals
 6. Industry organizations
 7. NGO/CSO/Activist
 8. Media
 9. Other influencers
-
- A faint, stylized illustration of a mountain range with snow-capped peaks, located at the bottom of the slide.



The acceptance of a mining company and its activities (exploration, mine development, operations and closure) by the host community





- ◆ Business case for good stakeholder relations
- ◆ “Without it:
 - ◆ Projects delayed or blocked
 - ◆ Stock dumped (or even shorted) – limit or end your access to capital, something we’ve been seeing in recent market conditions
 - ◆ Employees leave or stay and bad-mouth, best talent hard to hire





- ◆ Transparency in governance
- ◆ Credibility of company representative
- ◆ Responsiveness to stakeholder concerns
- ◆ Consistent message
- ◆ Honest and prompt disclosures





- ◆ Community monitoring (Rio Tinto)
- ◆ Local supplier development (most majors)
- ◆ Civil infrastructure (most operators)
- ◆ Public health (some majors)





- ◆ Whether or not it should be, legally, is not the issue. Rather, whether or not it can block your project, impede crucial construction phases or damage company reputation is key.
- ◆ Local example: do oil and gas companies operating in Colorado really need social license?





- ◆ Individual company expenditures - significant
- ◆ Industry group programs
 - ◆ WGC “Responsible gold mining and value distribution”
 - ◆ WB et al “Mining for development”
 - ◆ IFC - various





- ◆ Mine permitting, construction or operations halted by stakeholder disputes
- ◆ Major write-downs on mining company balance sheets
- ◆ Violent conflict
- ◆ Labor unrest





Over \$200 bln in write-downs in mining sector over last 5 years

Largest losses in period (in *Billions*):

- ◆ Rio Tinto, \$36.2
- ◆ Barrick, \$19.4
- ◆ Freeport, \$17.7
- ◆ BHP, \$11.9
- ◆ Kinross, \$10.2



Blocked/delayed projects: Pascua Lama



- ◆ Chile/Argentina border
- ◆ High altitude
- ◆ Barrick announced end of Oct that construction temporarily suspended
- ◆ Among reasons:
“uncertainty associated with legal and regulatory requirements”



- ◆ Shutdown necessitates royalty renegotiations (Silver Wheaton, Royal Gold)
- ◆ \$5.1 bln write-down in 2Q 2013
- ◆ Company stock amongst most popular shorts; underwriters struggling to sell even 1/3 of recent equity offering





Blocked/delayed projects: Pebble



- ◆ 50/50 joint venture, Anglo American and Northern Dynasty. \$540 mln spent so far.
- ◆ Formed 2007 but project studied for 30+ years





- ◆ AA pulled out in Sept, while cutting \$17 bln development pipeline in half. Speaking of write-downs, AA had \$9.8 in the period I mentioned.
- ◆ April EPA report: Pebble would destroy 90 miles of salmon and trout spawning streams, harms thousands of acres of wetlands and subject local waters to chemical and wastewater spills.
- ◆ AA to record \$300mln impairment charge, after tax.
- ◆ Rio Tinto pullout announced last week



- ◆ Printed materials are not read
- ◆ Global reach
- ◆ Local touch
- ◆ Ability to “listen”, monitor, instant feedback





- ◆ There isn't one. Must tailor to specific situation.
- ◆ Perform an audit of company and industry position:
 - ◆ Layoffs, downturn, recent H&S incidents?
 - ◆ Successful reclamation, employee engagement activity, new projects breaking ground, first pours?



- ◆ Social media
- ◆ Company and trade organization websites
- ◆ Blogs
- ◆ Digital versions of traditional media
- ◆ Blast texting to basic cellphones





- ◆ Video is #1 most watched content online, on any social media channel.
- ◆ Images that evoke human face of company and its communities
- ◆ Real-life stories
- ◆ Unexpected facts --- solid numbers
- ◆ NOT 100pg PDFs to download



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Power of video



- ◆ Global prevalence of social media platforms
- ◆ Penetration of smart phones in rural/remote areas
- ◆ Two-way dialogue
- ◆ Instant, 24x7 feedback
- ◆ Public forum for previously closed discussions





- **1.23 bln MAU***
- **85% of smart phone users have FB app**
- **Like or Share buttons viewed 22 billion times/day**
- **350 million photos uploaded/day**

*** Monthly active users**



- **241 mln MAU**
- **77% of MAUs outside USA**
- **76% of MAUs access via mobile device**
- **Tweets with images viewed 5x more often**



- **>1 billion MAUs, >6 bln hours of video watched each month**
- **100 hours uploaded each minute**
- **localized in 61 countries, and in 61 languages**
- **40% of watch time via mobile**
- **700 YouTube videos shared on Twitter every minute**
- **500 years of YouTube video watched on Facebook each day**
- **80% of traffic from outside USA**



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Global capacity for online content





- **277 mln registered**
- **Fastest growing countries: Turkey, Colombia, Indonesia**
- **65% of users outside USA**



Where is social media used?

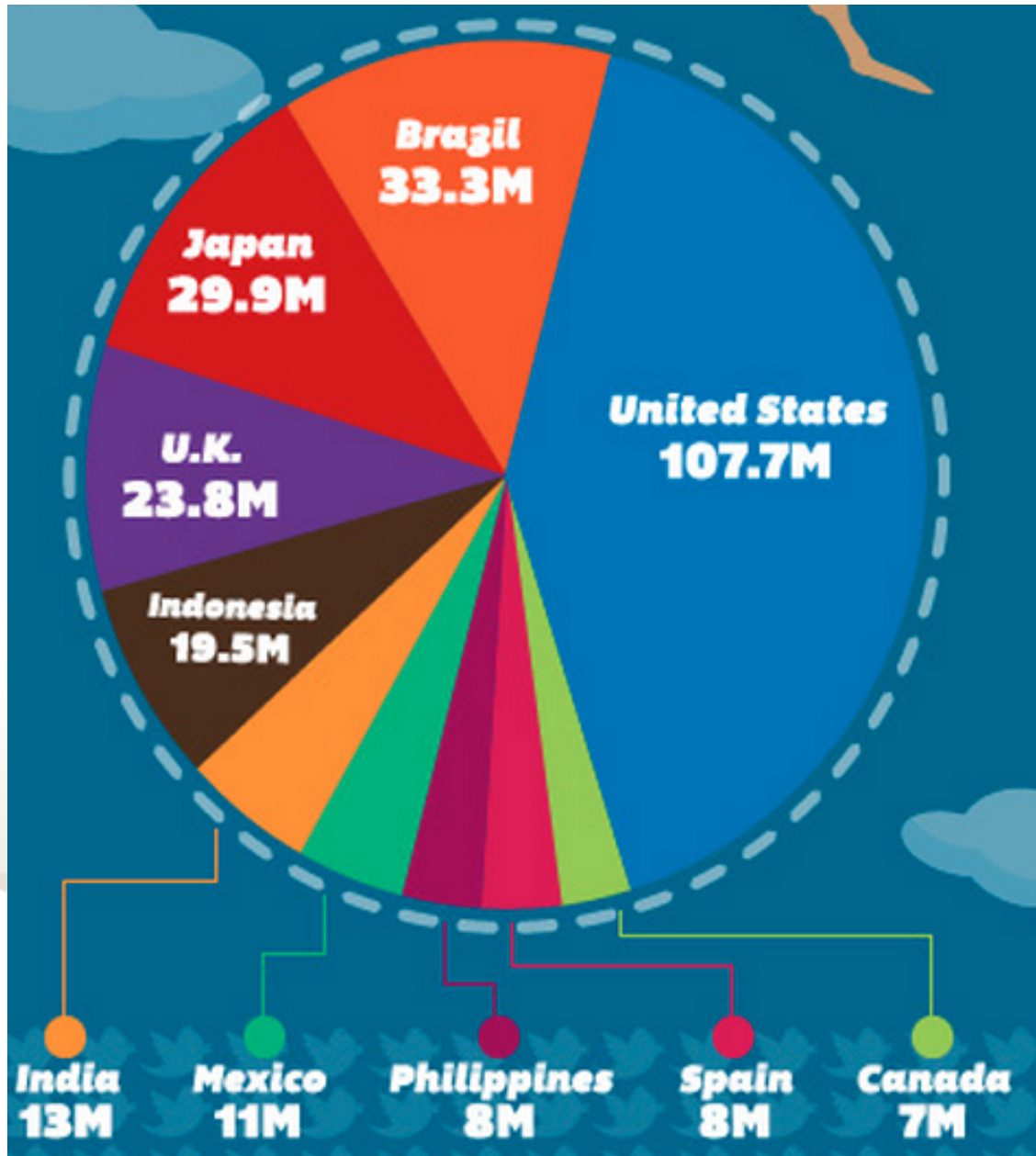


Facebook in key mining geographies:

- ◆ USA 163 mln users, 53% penetration
- ◆ Canada: 18 mln, 53%
- ◆ Colombia: 17.7 mln, 40%
- ◆ South Africa: 5.5 mln, 11.3%
- ◆ Brazil: 66.5 mln, 33%
- ◆ Indonesia: 47 mln, 19%
- ◆ Mexico: 39.9 mln, 35.5%
- ◆ Philippines: 30 mln, 30%
- ◆ Argentina: 20 mln, 49.3%
- ◆ Peru: 10 mln, 33.4%
- ◆ Australia: 11.7 mln, 54.3%



Where is social media used?





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AngloAmerican on Facebook



AngloAmerican

Real Mining. Real People. Real Difference.



Anglo American ✓

109,186 likes · 1,161 talking about this

✓ Liked ▾

✓ Following

Message



Mining/Materials

We're one of the world's largest mining companies. Wilson is our profile picture this month, he is a Production Operator at Barro Alto, Brazil.

About - Suggest an Edit



109k

Photos

Likes



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AngloAmerican

Real Mining. Real People. Real Difference.

"Assets alone do not generate value. It is our people who are inspired to deliver sustainable value that makes a real difference."
- Mark Cutifani

Like · Comment · Share

 12 people like this.



Write a comment...



Michael Leaver Well im your man Mark, give us a job lol

Like · Reply · Yesterday at 4:13am

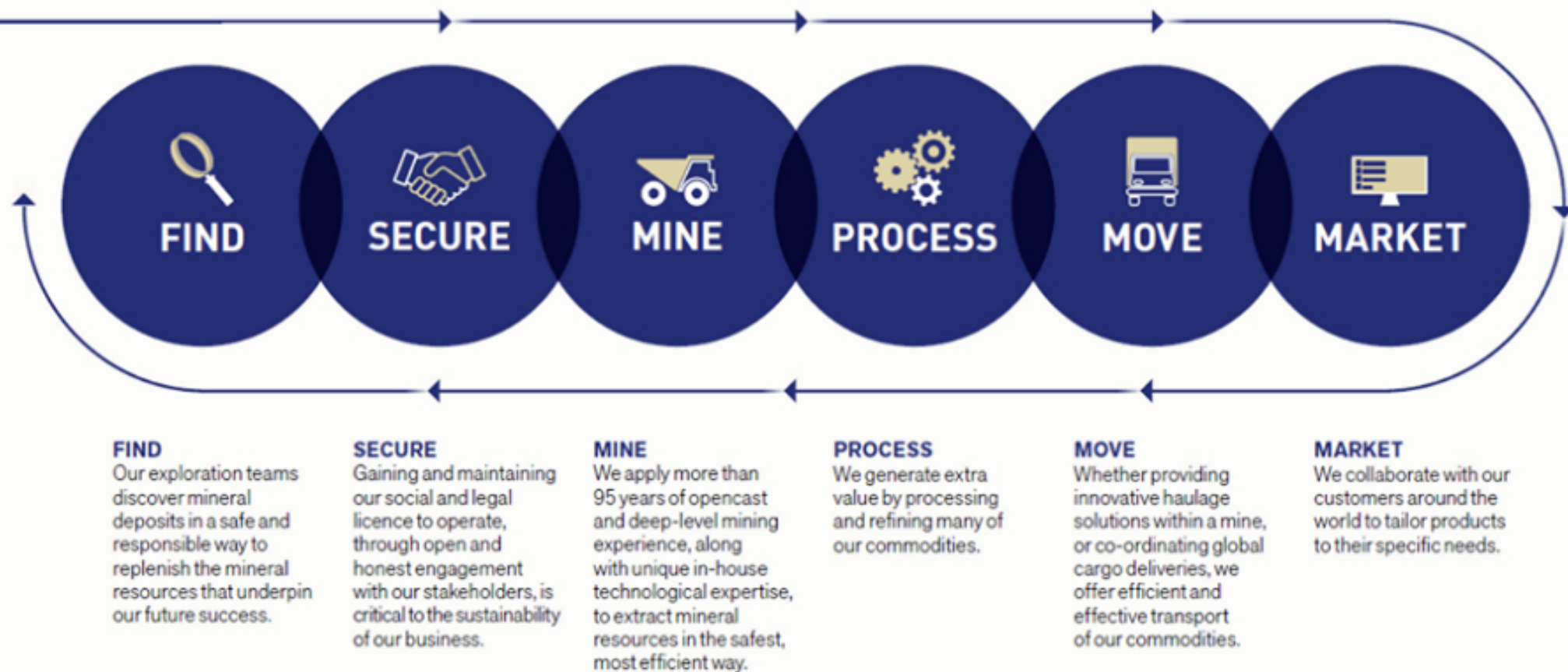




Anglo American

March 28

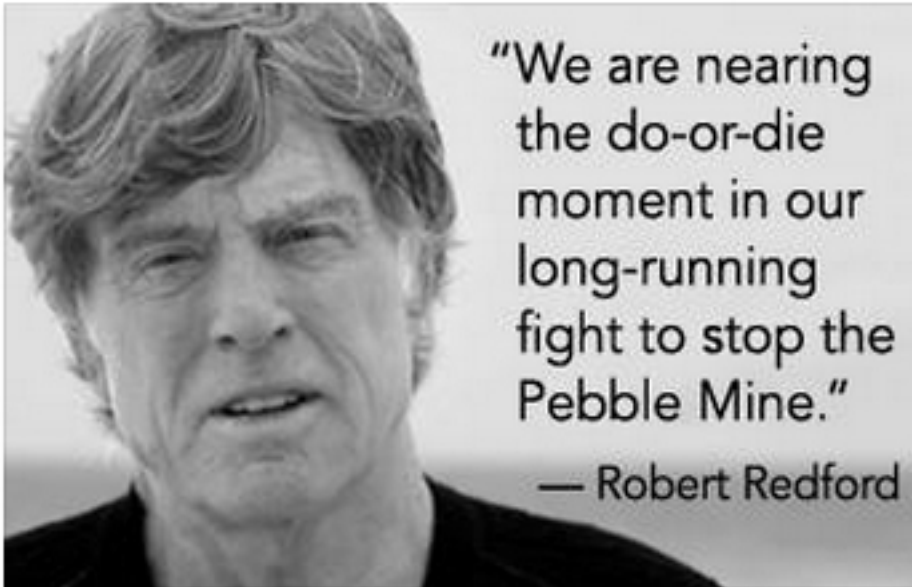
What's the mining cycle? Because of organisations like us, all of these small steps feed into one: bringing commodities of value to the people that need them. Here's an overview of our process.





David Hart

January 13



Like · Share

👍 8 people like this.



- ◆ Flexibility (not over-hiring or over-acquiring)
- ◆ Constant innovation
- ◆ Welcome all views
- ◆ Use social media to foster relationships, not one-way PR distribution tool
- ◆ Use platforms, esp YouTube, to educate stakeholders – best content educates, illuminates



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Questions?

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THANK YOU!

NEXT DENVER NETWORKING LUNCHEON

17 July 2014

GLOBALIZATION OF MINING LAW AND TAXES: A STATUS REPORT