

Can mineral exploration companies create and share value with local communities? The case of Erdene Resource Development Corporation in Mongolia

Fraser, J.¹, Batdorj, B.² and Kunz, N.C.³

1. Postdoctoral Research Fellow, UBC School of Public Policy and Global Affairs, The University of British Columbia, Vancouver, BC, Canada, V6T 1Z2. Email: jocelynfraser@shaw.ca
2. Graduate researcher, UBC School of Public Policy and Global Affairs, The University of British Columbia, Vancouver, BC, Canada, V6T 1Z2. Email: bulgan.batdorj@ubc.ca
3. Canada Research Chair in Mine Water Management and Stewardship, Assistant Professor, UBC School of Public Policy and Global Affairs, and the Norman B Keevil Institute of Mining Engineering, The University of British Columbia, Vancouver, BC, Canada, V6T 1Z2. Email: nadja.kunz@ubc.ca

ABSTRACT

Mining projects can be met with resistance from local communities which may not believe that the benefits of mining development will outweigh the social and environmental costs. Many communities' first point of contact with prospective mining operations is during exploration. This makes exploration an essential time for companies to build relationships with stakeholders and to evaluate engineering design options for future mining development in light of potential impacts at a community level. It is therefore surprising that there has been limited academic research on effective community engagement approaches at the early exploration phase.

This longitudinal research project examined the case of Canadian company Erdene Resource Development Corporation (ERD), which operates an early stage exploration project (Bayan Khundii gold) in Mongolia, to investigate challenges and opportunities for mineral exploration companies to: (1) create and share value by working collaboratively with others to identify and respond to social problems that intersect with business needs, and (2) integrate sustainable development goals into operational strategies. The multi-method research approach entailed desktop research, media analysis, observational research, and 43 interviews with company representatives and diverse stakeholders including communities, governments, civil society, and investors.

Findings revealed that ERD has positioned itself well to contribute to the sustainable development of local communities. Consequently, the company is generally trusted by key stakeholders. The company's success is attributed to four factors: (1) a **vision** on the importance of sustainable development which is embraced by all company personnel from boardroom to field staff; (2) using business **strategy** to drive engagement; (3) a commitment to build **relationships** with stakeholders; and (4) a commitment to deliver value to the **people** living near potential mining operations. The paper reflects on the significance of early-stage exploration for an approach to stakeholder engagement that creates and shares value early in the mine life cycle.