

Mining firms come to terms with extreme weather events

By Deborah Spicer

The importance of climate change as an issue in the mining sector was highlighted in recent reports by two of the big four auditing firms, with KPMG's "Responses to the Climate Change Debate : KPMG Mining Industry Survey" and Deloitte's "Tracking the Trends in 2010" explicitly referring to how climate change is being dealt with in the mining industry.

The former report notes that about 20% of the mining companies surveyed believe that climate change should be taken into account when considering initiatives within their organization.

The latter report notes that the risks to the mining industry from climate change are significant and notes that climate change is one of the top ten issues that mining companies will face in 2011.

Climate has long been acknowledged as a factor that may influence mining activities. The SAMREC Code (T1.6), for instance, notes that "all relevant issues relating to the mineral project should be stated [when defining a resource], such as the topography and climate, noting any conditions that may affect possible mining activities".

However, this note is usually interpreted as requiring the competent person writing a competent persons' report to describe the typical climate that would be experienced by a project over a year, rather than company-wide measures that have been put in place to mitigate the effect of extreme weather events, such as the recent floods in much of the southern hemisphere, including Australia, where numerous coal companies declared force majeure and could not meet supply contracts.

For more information on what climate-related information should be included in Competent Persons' Reports, please contact Venmyn mineral analyst Mpai Motloung.