



JONATHAN CORDERO

Head of Corporate Development at Eurasian Resources Group

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I would like to introduce Jonathan Cordero, who is Head of Corporate Business Development for a great company called the Eurasian Resources Group, ERG. That is a natural resource conglomerate operating in Europe, Kazakhstan, Russia, Brazil, Sub-Saharan Africa, Congo and South Africa. It has 19 billion in assets, 7 billion revenues, 85,000 employees, so it is a huge company and if we talk about diversification of raw materials, ERG is one of the first addresses to turn to because they are all over the world, not just concentrated in a few countries. Jonathan, the floor is yours.

Jonathan Cordero

Thank you, Friedbert. It is an honor to be here with all of you and talking about a topic that is not only very close to my heart but also at the core of everything we do at ERG. COP27 is a testament to our endeavors in reinforcing our society's intention to decarbonize to make the world a better planet for those who come after us. Every week we hear about new commitments to net-zero from both the private and the public sector, some of which we heard are very ambitious, the transition towards electric vehicles.

Let us consider where we have come as a society, and I think we can be proud of ourselves and how united we as a society are in the move towards decarbonizing. However, the harsh reality is that the metals required to make this transition happen come from an industry that has historically suffered from a very bad reputation due to social and environmental issues. An even bigger problem is that the commodities needed, as we just heard with a very good overview, simply do not exist. Let me be more precise: the metals themselves exist, but they are in the subsurface, untapped, undiscovered, and underdeveloped. We need to quickly expand the production and that is where we are going to struggle most in our industry. To hit the net-zero global emission goals by 2050, we will need to produce on average six times more material than we produce today. Six times is a very abstract concept, but it means that 336 new predicted mines that are currently in development will need to come online and start producing to supply the materials needed: lithium, copper, cobalt, etc. Recycling rates themselves are low, the segment in supply is growing exponentially but will not provide a substitute for primary mining in the short-term. Just ask yourself how many smartphones do you have unused in drawers at home?

We are on the verge of a decade-long super-cycle and despite some recent setbacks this year and some disruptions, the fundamentals have never been stronger. Yet, our industry suffers

from a variety of challenges ahead of us, depleting resources, deteriorating grades, the existing mines will eventually come to a halt, a going concern does not exist in our industry. The capital markets are failing to provide junior minors with sufficient capital to take entrepreneurial risks and go to untapped territories to make the discoveries needed. The increased focus from investors on ESG standards means that funds are not being directed towards the mines that need to be developed in countries such as the Democratic Republic of Congo. Unless investors face up to the fact that the materials needed will not come from G7 countries, the important mines that need to be developed will continue to be disregarded and will not come online, which puts all our plans and great missions at risk. We also face logistical bottlenecks, that are exacerbated by geopolitical tensions, which has been spoken about a lot today. Our industry also struggles to attract young talent against the competition of shiny tech companies, space discovery or the financial sector. Personally, I cannot think of any industry that is more purpose driven and making an impact on the world and I think we need to improve here a lot. Our industry is not very good at adapting new technologies and innovating quickly enough. We are behind the curve and notoriously risk adverse. Last but not least, we can still learn a lot about marketing ourselves. Most people do not realize that in most operations we are the only employer, we take responsibility for the people in our countries in the host communities. We are the ones who built the roads and brought in the electricity and water supplies, the schools and hospitals, and often stadiums. Let us make mining sexy again.

The global battery transition is the largest purchase order in history and probably only comparable to the Industrial Revolution some two or three hundred years ago. Trillions of dollars will have to be invested in making our plans happen. Yet, especially in critical minerals, we face the challenge of increasing resource nationalism. Parallel value chains are being built in several countries with several nations to capture value locally. The value creation itself is very unevenly distributed among the value chain. If you take the example of a typical smartphone that costs you USD 1,000, the materials used in that typically cost between USD 150 to USD 200 and out of this, two dollars is the price of cobalt. The Democratic Republic of Congo accounts for 70% of the production and holds about half of the reserves globally, that gives you an understanding of where the value is allocated. The global battery transition gives us the opportunity to create a more balanced and fair distribution of value between the developed and developing countries. With the increase in demand and the need for production to ramp up quickly, ESG-related risks increase at the same rate. Where states and national policymakers find their national boundaries, global market participants need to take responsibility for protecting our environment, for enforcing human rights, for the host communities we operate in, in short transparent and responsible sourcing cradle to grave. This means levelling the playing field by agreeing binding rules of engagement for responsible resourcing with all the market participants. This is a commitment that end-customers demand from us, and they are more than right in doing so.

Friedbert Pflüger

Thank you so much, Jonathan. It is very important that you have reminded us of this, and I think it was a great overview.