

**DEVELOPMENT OF A STRATEGIC AND TACTICAL
GAME PLAN FOR JUNIOR MINING COMPANIES**

Michael Walter Fritz Seeger

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ABSTRACT

This thesis undertakes to present a game plan for junior mining companies. It culminates with a game plan model that incorporates all the key steps and tasks that mining investors and entrepreneurs need to use to establish globally competitive junior mining companies. It is based on the research of several listed junior mining companies. The game of junior mining is defined by rules, the player, the elements of playing, and the definitions of winning and scoring.

The rules of the game are those defined by the resources industry and general business concepts. The mining assets around which the junior mining game is played are exploration projects, feasibility studies, mine development projects or operating mines. The player is the junior mining company intent on winning the game.

Playing the game is done through executing the steps, tasks and simple models and matrices associated with the four business pillars: strategy development, legal and financial, operations management and risks management. The first pillar is strategic, while the last three pillars are tactical. For each business pillar, databases were developed, for the purposes of creating references and benchmarks for the game plan. The databases have been created from the analysis of twenty randomly selected junior mining companies, the author's practical experiences and previous research.

Scoring the game is undertaken by completing the game score matrix, which scores the mining assets, the business pillars and the financial performance, and provides an overall company score. The total company score highlights the strengths and weaknesses of the company. Undertaking the process of playing the game iteratively will lead to creating a globally competitive junior mining company. Winning the game is defined as creating a sustainable junior mining company, that grows to a mid-tier company, or is bought out by a major mining company.

In the thesis, the game is played using the hypothetical case study of a of a coal junior mining company, with a marginal coal mine, an attractive feasibility study and an exploration project. Step by step the game is played leading to a company score and exposing the company's strengths and weaknesses.

The research concludes by presenting a holistic game plan model that can be applied to any junior mining company in any commodity in constantly changing resources industry dynamics.

DECLARATION

I declare that this thesis is my own, unaided work. It is being submitted for the Degree of Doctor of Philosophy at the University of the Witwatersrand, Johannesburg. It has not been submitted for any degree or examination in any other University.

Michael Walter Fritz Seeger

This 12th day of December 2007

PREFACE

This thesis was written through the period of 2000 – 2007, a period in which I dedicated my professional life to launching junior mining ventures in South Africa. I completed the thesis alongside work and family life. I launched my first junior mining venture with my business partner, a geologist, in 2000. We spent our last cent on several small mining ventures, but failed to raise the required capital. With little more than loads of experience, I had to recover by working as a mining consultant in remote places in West Africa, and in South and North America, to ensure enough start-up capital for the next venture. The second junior mining venture which I launched with a group of entrepreneurs was a junior coal mining company. The company has been operational for four years, going through several ups and downs, and is on the path to becoming a well established player in South Africa's coal industry.

The thesis represents my practical experiences of junior mining gained during this period, the knowledge that I acquired through trial, error, persistence and luck, the management theories that I studied and applied to my own junior mining ventures, the ideas that I developed from studying hundreds of listed junior miners, the concepts of mineral economics that Professor Dick Minitt taught me, and the inspirations that I got from successful entrepreneurs such as Richard Branson, Felix Dennis, Steve Scott and Donald Trump.

I dedicate this thesis to my wife Glenda, who supported me fully and unconditionally all along in my risk-embracing, often crazy, endeavours in junior mining. The thesis is also dedicated to my children Karsten and Keenia and their future children. I hope that when they are older they will read through this thesis and apply some of the generic concepts of the game plan to their professional lives and enjoy the ride. I also dedicate this thesis to my father Dieter Seeger, who was always there for guidance and advice when I required it.

Finally, this thesis is aimed at assisting aspiring mining entrepreneurs in South Africa who want to launch junior mining ventures in our country which is blessed with resources. I wish them all the best in their game and hope that my game plan can contribute in some way to their success and the successful establishment of a junior mining sector in South Africa.

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