

Resources, Financial Markets in Turmoil: Don't Stampede, Lead (Newsletter)*

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This week *The Economist* has a special report on China's demands for resources and the effects this has on mining, the rest of the world, and China itself (<http://tinyurl.com/2zr8bd>). I encourage you to read it because it affects us all, directly and indirectly. China's growth rate and resource demands contribute to a changing, uncertain world in which we need to accept and manage the risks of the unknown so we can adapt, succeed, and thrive.

Closer to home for many of us is the turmoil caused by collapse of financial markets (sub-prime mortgages, investment banks such as Bear Stearns). There are now more stringent requirements for raising capital. In this environment it is difficult for a mining company to build investor confidence, attract new investors, and get favorable terms for the capital necessary to permit and develop new properties. The Fed and other central bankers try to instill confidence, promote liquidity, and reduce perceived risks of lending and investing to stimulate the economy. But it is up to us to seek the subtle advantages that allow us to prosper and reach our individual and corporate goals.

With mining equipment scarce, long lead times for essentials such as haul truck tires, and uncertainties in the length of time to permit mines, mining companies are under increased pressures to find new and better ways to operate. Changes in personnel are taking place at all levels as companies work for position in the mining industry. Everything is changing so quickly that if we stand still we will be run over by those behind us.

Risk is constant. Those who succeed know how to evaluate and manage risk. These people and companies frequently are the early adapters of new technologies. They had Apple][e and IBM PC computers in their offices running VisiCalc and Lotus 1-2-3 as they gained greater control over their business processes. They walked around talking to bricks to their ears that were cellular telephones. They undertook risks of being the first to put GPS receivers in their mining equipment and gain efficiencies from knowing all equipment locations.

Two common characteristics of these early adapters are their deep dissatisfaction with how things are done and the vision to seek what is ahead. Rather

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than complain how bad things are, they seek solutions, even those new and different. They know there are risks ahead and that there are different risks in the status quo.

What distinguishes leaders is being out in front where the view is constantly changing, and vistas spread far and wide. They use that knowledge to determine the course of those behind them as they head their company toward desired goals. Those who follow are restricted to the same view all the time: the south end of a north-heading leader.

We make choices that affect our position in the pack. There is nothing wrong with being content in the middle; it is warm and secure. Those who want to see the future and help determine how to get there lead from the front.