

BEHRE DOLBEAR GROUP INC.

2008 RANKING OF COUNTRIES FOR MINING INVESTMENT

WHERE “NOT TO INVEST”

Since 1999, Behre Dolbear has compiled a political risk assessment of countries of import to the mining industry. Behre Dolbear feels that the mining industry is vital to the creation of wealth and prosperity in any country and those countries which stifle it with detrimental political, economic, and financial policies should be challenged to make changes more accommodative to its success. Behre Dolbear continues to be very pleased about the responses we have received from our clients and others in the industry. We encourage feedback from readers, either positive or negative. We recognize that many might consider what we have said to be provocative, which is our intent. Such feedback enables Behre Dolbear to continue to improve this survey and make it a valuable tool for the industry.

This year’s survey will concentrate not only on specific countries but also regional issues, as well. Only factors relevant to “political risk” have been considered. Geology and mineral potential were not considered as the fact that exploration, development, and mining activity are occurring confirms the existence of such potential. It is recognized that if a major mineral deposit exists in a high-risk country, a mining company might well decide that the financial incentive exceeds the political risk (e.g., Crystallex and Gold Reserve Corporation in Venezuela and Apex and Coeur d’Alene Mines in Bolivia).

The Behre Dolbear Group of companies comprises many professionals based out of ten offices and the views expressed herein do not necessarily reflect those of everyone within the Group. The rankings in this annual survey are based on opinions gathered from our professionals and research from various public and confidential sources. We believe they reflect the collective experiences gained by our company and its professionals. Our professionals have had the unique opportunity to travel widely and experience many different cultures. We accordingly believe that the opinions in our annual ranking have been strengthened by these experiences.

The ranking is qualitative, not quantitative. Input to the rankings is based on Behre Dolbear’s actual experience in the 40+ countries in which it typically works in any given year (59 in 2007), input from our professionals, and many confidential and open source databases. Behre Dolbear has also referred to the *Index of Economic Freedom* (a Wall Street Journal/Heritage Foundation publication) and publications from Transparency International when considering the economic and political systems and the degree of corruption present in the respective countries.

Twenty-five countries, which are host to major exploration or mineral development efforts and/or mining operations, have been ranked on seven criteria:

- the country's economic system;
- the country's political system;
- the degree of social issues affecting mining in the country;
- delays in receiving permits due to bureaucratic and other delays;
- the degree of corruption prevalent in the country;
- the stability of the country's currency; and
- the country's tax regime.

Each category under consideration is rated from 1 to 10 with the highest ranking being 10. Accordingly, the maximum score attainable for a country is 70 points.

The countries considered in the survey are (listed alphabetically):

- Argentina;
- Australia;
- Bolivia;
- Botswana;
- Brazil;
- Canada;
- Chile;
- China;
- Columbia;
- Democratic Republic of the Congo;
- Ghana;
- India;
- Indonesia;
- Kazakhstan;
- Mexico;
- Mongolia;
- Namibia;
- Papua New Guinea;
- Peru;
- Philippines;
- Russia;
- South Africa;
- Tanzania;
- United States; and
- Zambia.

Several changes have occurred in this year's list of survey countries. These are the deletion of Venezuela, Zimbabwe, and Greece from the list. In the cases of Zimbabwe and Venezuela, Behre Dolbear acknowledges that both nations have significant mineral wealth. The current political situation in both nations has deteriorated to a point, however, where Behre Dolbear feels that until the current regimes are eliminated, no further investment should be considered.

Greece was deleted as it is no longer viewed as a major mining investment country. Greece is a European Union (EU) member state and is considered a safe investment environment but with tight regulations.

Behre Dolbear has added Columbia, Botswana, and the Philippines to the survey. Columbia is seeing a surge of new investment by both domestic and foreign companies in its metallurgical and thermal coal deposits. Precious metals exploration is up significantly, as well. This is due to the significant political victories over guerilla groups, aggressive free market economic reforms, increased security, and open elections. This economic improvement has reduced the appeal of the communist insurgency. Narcotics trafficking and the violence associated with it, however, continue to be real threats and the lack of road, rail, port, and power infrastructure will hinder new projects.

Botswana has significant investments in gold, platinum group metals, and diamonds. With the commodities boom, this country is seeing a surge in exploration activity with many projects moving forward. Botswana is considered one of the most stable and democratic countries in Sub-Saharan Africa. It has had generally free elections and corruption (by African standards) is considered manageable. Its largest challenge is the reported 30% to 40% HIV infection rate for the population.

The Philippines is seeing intense base metals exploration interest. The government has been proven capable (with substantial outside aid) to minimize the influence of the Islamic and Maoist rebels in the southern portion of the country, specifically Mindanao. Its de facto American defense shield aids in the perception that investments made there can be shielded from Chinese influence or bullying even though government inertia has managed to squander past opportunities to improve life for larger segments of the population in past up cycles.

2007 IN RETROSPECT – WERE WE RIGHT OR WRONG?

A major concern expressed in our 2007 rankings was continued deterioration in Bolivia and Venezuela. Venezuela has gone from bad to worse with near hyperinflation raging. However, Hugo Chavez was dealt a significant blow late in 2007 when his grab for lifetime power through constitutional amendments was defeated. These amendments, if passed, would have given him the power to rule indefinitely. His defeat at the ballot box has forced him to step back from his more radical positions to concentrate on providing basic food stuffs and other items to his people. Ironically, the proceeds from state-owned CITGO in the United States are being diverted to the purchase of basic essentials, which are becoming scarcer in Venezuela.

Bolivia was predicted to, and has continued to deteriorate as well with Evo Morales proposing to recentralize power in La Paz. Strong opposition has emerged in most of the eastern states, some of which had been his supporters. Several informal secession referendums have passed or are planned. President Morales has pledged to use the force of arms to keep Bolivia together at all costs. It is not clear if both sides would make good on their threats in either direction but the environment is anything but stable. Ecuador (which is not part of this study) appears to be following the same path, but at a slower pace.

Concern was expressed over South Africa continuing to expand its investment-discouraging policies and the political transition to a new president. Uncertainty has continued to rise as Mr. Zuma was elected the leader of the African National Congress and he is de facto the next President of South Africa. Zuma has promised large-scale takings and many insiders believe that he aims to confiscate large segments of white-owned farms and businesses. The current President Mbeki has continued to oppose Zuma and Zuma was recently indicted on fraud and embezzlement charges. The potential for violence is significant. Additionally, the state-owned electric utility, Eskom, has stated that further expansions of existing mining operations are not to be undertaken as there is a chronic electric generating capacity shortage. This problem will not be resolved for years.

China has continued to aggressively seek control of what it considers strategic natural resources including base metals. Through state-owned companies, its import-export bank and direct governmental aid has moved aggressively into Africa. China, who has become the financier of last resort for Robert Mugabe in Zimbabwe, continues to expand its investments in Zambia and South Africa, and has become a major player in the Democratic Republic of Congo (D.R. Congo). Domestic policies are very favorable for mineral development but new mining law amendments make foreign direct ownership very difficult. Significant infrastructure limitations still exist, although China is making significant investments to address these needs. China's attitude on resource ownership is increasingly becoming "What's ours is ours and what's yours is ours."

Russia, as predicted, has continued its movement away from democratic principles. Suspected political assassinations and proven opposition suppression continue and were highlighted prior to the recent parliamentary elections. Vladimir Putin has named his successor and is promising to "oversee" the government after he leaves office. The large Russian aluminum company, Rusal (controlled by Putin loyalists), is "approaching" Norilsk Nickel with an offer to acquire them. This is seen by many as the next logical step after the government essentially acquired control of the country's oil and gas industries.

RATING THE COUNTRIES

– THE ECONOMIC SYSTEM

Behre Dolbear is a firm believer in the free-market system. The commerce within and between countries that results from a free-market system when combined with individual liberty and the rule of law ultimately produce democratic reforms. These in turn generate wealth which

increases employment and living standards. The adherence to free-market ideals is the major consideration in the rankings.

The rankings in this segment of the survey have not changed significantly with the exception of the elimination of Venezuela, Zimbabwe, and Greece for the previously noted reasons. The newly listed countries have scores as follows:

- Botswana (6);
- Columbia (6); and
- Philippines (5).

The lowest scoring countries are those with repressed economic systems.

The highest ranking countries and their relative scores are:

- Australia (10);
- Canada (10);
- United States (10); and
- Chile (9).

The lowest ranking countries are:

- D.R. Congo (1);
- Bolivia (2); and
- Russia (2).

Bolivia has dropped by 2 points from the previous year due to the continued radical socialist evolution of the economy. Expropriations continue with additional actions threatened.

Russia remains near the bottom due to continued expropriation (or forced sales) of companies to state-run companies (Rosneft, Gazprom) or to President Putin's cronies. Large swaths of the Russian economy are now influenced or owned by the state or friends allied with President Putin. With the next presidential elections scheduled for the spring essentially rigged, no improvement is expected. Additional perceived strategic natural resource companies are expected to be brought into this sphere (Norilsk Nickel).

– THE POLITICAL SYSTEM

Democratic countries with free elections rank highest. The fact that some countries hold elections, however, does not mean they are democratic (i.e., Russia). Additional factors considered are the security of tenure (i.e., is title to a company's mineral concession secure?), a country's mining law, and the country's prior history of nationalization of mining operations.

The higher ranking countries are those with well-established democratic systems which provide protection against governmental or other arbitrary takings of property, and possess well-

established and tested mining legislation. It is not surprising to see Australia, Canada, and the United States continue to lead in this category.

Russia, Bolivia, and China are the lowest ranked countries in the 2008 survey.

Russia and Bolivia rank lowest for the same reasons noted previously and China is ranked low due to its single party, monolithic rule where little or no political dissent is tolerated. Internet access is highly regulated and the party Congress held in late 2007 reaffirmed the power of the state in all facets of political life. China's mining law revisions essentially establish a paradigm of restricting all foreign ownership in its natural resource sector.

Russia has renationalized most of its oil and gas industry and has expropriated exploration and production licenses held by foreign companies. Several high profile political assassinations occurred in 2007 and Vladimir Putin has successfully dismantled all but a semblance of democracy.

South Africa continues to slip as it continues to threaten the mining sector with large-scale expropriation. Political succession is another concern with a potential for violence clouding the future.

The highest ranked countries are:

- Canada (10);
- Australia (9); and
- United States (9).

The poorest ranking countries are:

- Bolivia (1);
- Russia (1); and
- China (2).

– **SOCIAL ISSUES**

Social issues continue to be the highest risk facing the development of mineral projects in every country. The watchwords for the industry are “sustainable development” and “social license” which, while sound in principle, have often been used by opponents of mining to delay or completely halt mining projects. Common sets of guidelines for sustainability issues have been developed by the financial industry (the Equator Principles), by the mining industry and manufacturers (the Cyanide Initiative), and The World Bank Group to govern the development of mineral projects. Despite these achievements, opposition to mining projects has been fomented by non-governmental organizations (NGOs) whose agendas are often suspect, and in many cases detrimental to the well being of the affected peoples. The NGOs have been uncannily effective in corrupting and co-opting local representatives to their causes.

A major issue, particularly in developed countries, is the “not in my backyard (NIMBY)” syndrome where prosperity outweighs the knowledge of the public’s need for minerals. Mineral projects in the United States and Canada have been halted due to public opposition, primarily through special-interest groups and state governments. Since the 2006 congressional elections in the United States, the anti-mining sentiment in congress has increased dramatically. A ballot initiative slated for late 2008 would essentially ban mining in Alaska. Filibusters and vetoes of hostile legislation have so far minimized impact on the federal level in the United States, but the 2008 elections are the key to determining the future direction of policies.

Other factors considered as part of the social issue category include the level of poverty in the country, the incidence of terrorism or guerilla activity, and diseases such as AIDS. All of these economically impact a mining company’s operations in a country.

Australia, Chile, and Canada continue to be the most stable in the regard to social issues.

The new entrants to this year’s survey ranked as follows:

- Columbia (6);
- Botswana (5); and
- Philippines (3).

The relatively low rankings are based upon the very high HIV rate in Botswana and the poverty and social demands placed upon investors in all three countries.

The lowest ranking countries are those where poverty reigns, where the governments are bowing to populist causes, and where intertribal, ethnic, or religious conflicts are prevalent. South Africa continues to have the lowest possible rating due to the incidence of AIDS in the population and the government’s hapless response to the problem, and the government’s perceived warming to the policies prevalent in neighboring Zimbabwe. We now consider the potential for the “Zimbabweization” of South Africa to be more likely rather than less likely in the future.

The countries ranking highest in the area of social issues are:

- Australia (8);
- Chile (7);
- Argentina (6);
- Brazil (6);
- Canada (6); and
- Columbia (6).

Those countries with the lowest ranking are:

- Bolivia (1);
- Indonesia (1);
- Papua New Guinea (1);

- Peru (1); and
- South Africa (1).

– PERMITTING DELAYS

Most countries have environmental regulations equal, at a minimum, to the standards established by The World Bank Group. The issue addressed here is not the strength of the regulations, but the timeframe involved in obtaining permits.

Delays are most often caused by government bureaucrats and third party opposition to mining projects. The current United States Congress controlled by the Democratic Party is rabidly anti mining. If they gain control of the Presidency, the climate will deteriorate further. A few mining friendly states (Nevada, Arizona) will be somewhat of an exception to this rule. Projects being considered in the United States need to weigh the possible outcome of the 2008 elections in their decision making. A sharp increase of hostile regulatory regimes can be expected if the Democratic Party gains power over the three branches of government in 2008. The United States has dropped 1 point in this category.

Contributing to global delays are intervention by NGOs opposed to mining development, groups with legitimate concerns about the effect the project will have on their community or lifestyle and, often, corruption on the part of bureaucrats in poorer countries.

Permitting delays are now a global issue. With use of the internet, wide spread issues at operations in one country will be used against the mining industry on a completely unrelated project in another country. This situation will continue to evolve and the business environment will favor those firms which aggressively take a proactive stance in regard to societal and environmental issues. This will, however, not guarantee success as corruption and other factors could still scuttle otherwise viable projects. The end result will be a “flight to quality” as mining companies seek to secure their large investments of both time and money. This will benefit investments in Australia, Mexico, Canada, and expansions of existing operations in the United States. Greenfield sites will be very difficult to permit in the United States.

Australia and Mexico lead the ranking in this category. The United States is ranked next to lowest due to the average 5-year to 7-year period required before mine development can commence. Lowest ranked is Papua New Guinea due to corruption in the process.

Those countries viewed as the best with the least permitting delays are:

- Australia (8);
- Mexico (8);
- Chile (7);
- Ghana (7); and
- Tanzania (7).

Those countries with the longest delays in permitting are:

- Papua New Guinea (2);
- United States (2);
- D.R. Congo (3);
- India (3);
- Indonesia (3);
- Kazakhstan (3); and
- Russia (3).

– **CORRUPTION**

Corruption is endemic in the poorer countries and in those countries recovering from or under socialistic or controlled economies or totalitarian regimes. The corruption frequently extends through all strata of society from the highest levels in government to the lower level government officials. Facilitation fees are a common part of a company's business in many countries, particularly in Africa and Asia as well in some Latin American countries.

The rankings remain unchanged for 2008 versus 2007.

Australia, Canada, and the United States lead the rankings, followed by Chile.

Countries which have declined in ratings include Argentina, China, Ghana, Papua New Guinea, and South Africa. The lowest ranking countries are those with corrupt judicial systems (e.g., Indonesia), corrupt governments in general, and extreme poverty.

Those countries with the least corruption are:

- Australia (10);
- Canada (10); and
- United States (10).

Those with the greatest incidence of corruption are:

- D.R. Congo (1);
- Indonesia (1);
- Kazakhstan (1); and
- Russia (1).

– **CURRENCY STABILITY**

History has shown that those countries with depreciating or devalued currencies inhibit new investment in the country. Depreciating currencies generate inflation, poverty, and corruption.

The United States dollar dramatically devalued during 2007. This was fueled by the impact of the sub-prime mortgage crisis and the subsequent Federal Funds rate cuts to help restore liquidity to the credit markets. The dollar is expected to stay relatively weak but will rise very moderately versus the Euro and British pound due to decreased speculative activity and expected rate cuts in those countries. The United States dropped 2 points in this category.

China's yuan is considered undervalued but has been allowed to "drift" upward versus the dollar in 2007. This should continue in 2008, but China's banking sector is considered vulnerable due to the lack of transparency and significant unreported bad loan volume. China's large foreign currency reserves will buffer this issue to some extent.

The poorest countries are not surprisingly those with high inflation and corrupt governments.

The highest ranking countries are:

- Australia (9);
- Canada (9);
- China (9); and
- South Africa (8).

The lowest ranked countries are:

- Zambia (2);
- D.R. Congo (1); and
- Indonesia (1).

Indonesia has marginally improved due to increased oil and other natural resource driven revenue.

– TAX REGIME

Considered under the tax regime are the total taxes applicable to a mining project – duties and imposts, income taxes, royalties, and severance, and excise taxes. Behre Dolbear's experience is that once the total "government take" from combined taxes reaches 50 percent, a mining project's economic viability in a period of normal commodity pricing is threatened, unless the project is extremely high grade. Stable and predictable tax policies are essential in evaluating a mining projects perceived risks and viability.

Rising commodity prices have spurred almost every minerals producing nation to consider or to actually hike mining related fees and taxes. Many late stage projects have been affected by "requests to renegotiate" agreements and licenses. The latest being Argentina which reneged on its promise to international mining companies not to raise mining related taxes for 50 years.

Behre Dolbear forecasts that mining related taxes and fees will continue to rise in developing countries. Renegotiation or cancellation of licenses will continue as well. This was recently the case in the D.R. Congo, Zambia, and Kazakhstan.

The United States has one of the world's overall highest corporate tax rates. This is not expected to change in 2008 but pressure is building to try to bring this into line with its main economic competitors. Mining specific taxes will rise dramatically if the Democratic Party gains control of the White House and maintains control of Congress. This will be due to the overall easy demonization of the industry (e.g., tobacco, oil, etc.). Sarbanes Oxley regulations also continue to weigh on the IPO volume on the American exchanges.

India improved by 1 point due to some improvements resulting from its continuing economic development.

Mongolia remains low due to governmental uncertainty and has dropped 1 point.

Argentina has proposed and will likely implement significant new mining related taxes and has decreased by 2 points.

South Africa continues to be ranked poorly due to governmental uncertainty with no prospect for improvement. High taxes in the form of requiring conversion of crude products, imposition of a royalty, and the "sale" of increased interests in mining properties to black empowerment groups, which are frequently cronies of those in power. Generally, low ranking countries are those with controlled and/or corrupt economies.

The highest ranking countries for tax regime are:

- Mexico (8);
- Australia (7);
- Canada (7); and
- United States (7).

The lowest ranking countries are:

- Mongolia (2);
- South Africa (2);
- Argentina (3);
- Bolivia (3); and
- Indonesia (3).

THE RANKINGS

The table below presents the results of the political risk rankings. The high score of 61 points out of a possible 70 points was achieved by Australia followed by Canada. Canada remained unchanged and the United States slipped by 1 point into a tie with Chile and Mexico.

The drop in the United States was a result of the continuing deterioration of the permitting environment at the state and federal levels and the debasement of the dollar. Uncertainty regarding the 2008 elections should make companies cautious in regards to pursuing greenfield projects in the United States.

The five highest scoring countries are:

- Australia (61);
- Canada (57);
- Chile (50);
- Mexico (50); and
- United States (48).

The lowest ranking countries are:

- Papua New Guinea (22);
- Russia (20);
- Bolivia (18);
- Indonesia (17); and
- D.R. Congo (16).

As stated earlier Venezuela and Zimbabwe have been dropped from our survey due to the untenable political situations in both countries. Behre Dolbear advises that the only prudent course of action for these two nations is to wait for the demise of the current regimes.

Bolivia declined 4 points as the situation there continues to deteriorate rapidly. Extreme caution should be taken before considering any investments in the country.

The United States declined 3 points due to currency devaluation and an incredibly difficult permitting and regulatory environment. The uncertainty of the outcome of the 2008 elections adds additional uncertainty.

Mongolia declined by 1 point due to its continued unfavorable mining taxation policies.

The most positive change was shown by Australia (+2) due to the strengthening of its currency and the quality of its government. The newly elected government, although more left of center than the Howard government, is predicted not to make changes that would slow the growing economy.

Brazil and India showed improvement (+1) due to the continued evolution of their societies. Behre Dolbear forecasts that this trend will continue with Brazil evolving into a continental leadership role.

Sub-Saharan Africa (with the exception of South Africa and Zimbabwe) has continued its relative stability. Significant uncertainty persists about South Africa's future direction. The other nations in the region continue to evolve positively.

Significant problems persist in the D.R. Congo although it is relatively stable. It is estimated that up to 45,000 people per month die of avoidable causes due to past and current instability. A flare up in any of the surrounding countries could lead to chaos in the D.R. Congo. Chinese state-owned companies are moving into the D.R. Congo in a major way to secure critical resources. The revocation of issued licenses in the past year has been linked to the desire to move them to other players who can provide more assets to the government. This trend has to be monitored carefully.

Overall, the worldwide investment climate has remained stable from 2007 to 2008 with the most persistent worldwide risk being dramatically increased taxation and overall opposition to new mining operations. These issues will not go away and could deteriorate in many nations as restive populations feel left out of the current boom. Labor unrest (especially in South America) is linked to this same dissatisfaction. These issues need to be monitored closely.

WHAT LIES AHEAD

Behre Dolbear continues to be concerned about what the future holds for the mining industry in many parts of the world. A general upsurge in populism in many parts of South America combined with significant uncertainty in Africa remain as threats for 2008.

India and Brazil will continue to develop in a positive direction. China will remain a main driver of the increasing consumption of commodities. An economic slowdown in the United States will act as a damper on prices, but Behre Dolbear does not see a collapse of prices. A gradual moderation of commodity prices over an extended period is the most likely scenario as new capacity is still constrained, professional staffing is in short supply, and NGOs continue their opposition to all development.

Labor unrest in many parts of the world will affect profits and production. This continues to be a chronic problem in South America. With the exceptions of Venezuela, Bolivia, and Ecuador the governments on the continent appear stable and overall prosperity is increasing.

We also believe that the atmosphere for mining will continue to deteriorate in South Africa as the government continues its "Zimbabwe-like reforms" under the principle of social justice. The upcoming transition of power to a new president has the potential to erupt in violence and instability.

Overall Sub-Saharan Africa (except South Africa and Zimbabwe) is considered relatively stable but needs to be monitored. Zambia and the D.R. Congo will continue to improve incrementally if peace can be maintained in the region. If Zimbabwe implodes in violence, the waves of refugees could overwhelm these governments and reignite war in the D.R. Congo.

2008 RANKING OF COUNTRIES

RANK	COUNTRY	ECONOMIC SYSTEM	POLITICAL SYSTEM	SOCIAL ISSUES	PERMITTING DELAYS	CORRUPTION	CURRENCY STABILITY	TAX REGIME	TOTAL POINTS	CHANGE VS 2007
1	AUSTRALIA	10	9	8	8	10	9	7	61	+2
2	CANADA	10	10	6	5	10	9	7	57	0
3 TIE	CHILE	9	8	7	7	8	7	4	50	0
3 TIE	MEXICO	8	8	5	8	7	6	8	50	0
5	UNITED STATES	10	9	4	2	10	6	7	48	-3
6	BRAZIL	6	7	6	5	5	6	6	41	+1
7	GHANA	6	6	3	7	4	6	6	38	0
8	COLUMBIA	6	6	6	6	4	5	4	37	NEW
9 TIE	BOTSWANA	6	5	5	5	4	5	6	36	NEW
9 TIE	ARGENTINA	6	6	6	6	4	5	3	36	-2
11	CHINA	8	2	4	5	2	9	5	35	0
12	NAMIBIA	5	6	3	5	4	5	6	34	0
13	MONGOLIA	6	4	5	6	3	6	2	32	-1
14	TANZANIA	5	5	3	7	3	4	5	32	0
15 TIE	PERU	6	3	1	3	4	7	5	29	0
15 TIE	INDIA	6	6	2	3	3	5	4	29	+1
17	PHILIPPINES	5	5	3	5	2	4	4	28	NEW
18 TIE	SOUTH AFRICA	3	3	1	5	2	8	2	24	0
18 TIE	ZAMBIA	4	4	2	5	3	2	4	24	0
18 TIE	KAZAKHSTAN	4	4	4	3	1	4	4	24	0
21	PAPUA NEW GUINEA	4	4	1	2	2	4	5	22	0
22	RUSSIA	2	1	3	3	1	4	6	20	0
23	BOLIVIA	2	1	1	4	3	4	3	18	-4
24	INDONESIA	3	5	1	3	1	1	3	17	0
25	D.R. CONGO	1	3	3	3	1	1	4	16	0

Russia will continue to chart its own course and can be expected to confront the West when it feels it is being slighted or overlooked. This confrontation will probably peak at the time of the Russian presidential elections (which will install Putin's handpicked successor) to foment patriotic fervor and Russian pride. It will continue to use its natural resource wealth to bully its neighbors and to fund opposition groups in the Baltics, Georgia, and Ukraine. The European Union and NATO will feel increasingly stressed by a resurgent Russia as it demands concessions regarding the proposed missile shield, language issues in former Republics, and economic access. It will continue to move aggressively back into the Caucasus and other formerly dominated regions. Investments by western companies should be made very cautiously and only with entrenched favored Russian partners. Regional instability could also result.

The NGOs will continue their anti-mining actions using proxies and use almost any method to stop mining and other development. Increasingly the new home of failed communism is to be found within the radical environmental movements. Regulatory issues in developed nations will slow new projects in politically stable countries due to the general populace's general ignorance of the need of adequate minerals supplies for continued economic development.

Southeast Asia will see continued interest in mining investment. Challenges will be significant in regards to infrastructure and government hurdles (Vietnam and Laos).

China will continue to seek to control minerals that it considers strategic including iron, copper, and zinc. China will not hesitate to support rogue or corrupt regimes if they meet its strategic interests. This neo-colonialist attitude could result in local backlashes that destabilize entire regions and nations. This could also lead to significant conflicts in the long-term as the major economies vie for the same pool of resources. Economic interdependence, free trade, and democracy will mitigate these tendencies as all parties will be losers in a conflict.

Behre Dolbear's advice remains to be very cautious where large sums of capital are invested. On-going world turmoil and political risks make the overall situation fluid and in many cases difficult to predict.