

GOODE NEWS

From Broken Hill's Wild West

More than 550 delegates attended this year's Symposium's Annual Resource and Energy Symposium (t : #RES2012) held in Broken Hill, NSW from 21 to 23 May 2012.

Aside from their own transport, delegates arrived by regular Rex regional flights from Sydney, charter flight from Adelaide, flights from Melbourne to Mildura and then a 3 hour drive to Broken Hill (a direct flight is expected to be scheduled for next year, and possibly even one from Perth), the Connie Super Constellation, train, or a 2-day coach ride from Sydney.

Kerry Stevenson's RES Symposium Conference follows a very different format than most mining investment conferences with company presentations limited to 10mins (there were 28 of them) and ~23 ~30min keynote presentations plus 3 ~1hour workshops. The profits (after conference costs) go to fund bursaries for students studying for resource qualifications : mining, metallurgy and geology, with monies from an art auction and 2 floodlit camel races also going to the bursary fund.

The conference opened to the black and red clad Broken Hill Community Voices Choir (as shown in Figure 1) singing about Broken Hill's history before a stirring rendition of "The Red Flag", and closed the conference with "Solidarity Forever" (being "the Union Makes Us Strong"). Any further alignment with the Government was quickly dashed by the patron Ian Plimer's comment that ***"the only good politician is a frightened politician"***.

Kerry arrived on a horse (which seemed far better behaved or predictable than last year's camel) to the Wild West Runge dinner (with cowboy hats supplied by Alacer) while Ian Plimer arrived on the back of a vintage truck with goats and straw. Late night and early morning drinks were, like Kalgoorlie, at The Palace.

The three workshops were more geared towards business than investors covering aspects such as funding, research and development; cutting business costs, and social media. I attended the social media presentation by Corporate Zest which stated that the key social media for businesses are **LinkedIn and Twitter** (which interestingly are the only two symbols [apart from a square scanning code], on the back of Johnson Matthey's latest Platinum 2012 document).

Twitter astoundingly receives ~340million tweets per day from its ~140million accounts or users, and apparently you are supposed to aim for at least 2 to 3 tweets per day, which can be achieved within about 15 mins. Although you can forward on someone else's tweet, and even establish your own following. The business side of twitter was illustrated using a number of videos, with links to any information or other releases that your business makes.

Your business can establish a following where followers "tap" into your tweets which may link to other tweets. RIO for example has 9,000 followers, Fortescue : 400, Iron Road : 119,000, a particular fund manager or broker : ~10,000, and a

Wall Street small market cap blogger ~30,000. I thought twitter was yet another time consumer like emails, but realise that I have to become aware from a business viewpoint. A broker in the lunch break of the conference also showed me what advantage twitter gives him. As a search engine, it has been described as better than Google.

One of the videos shown highlighted Alan Rusbridger (the editor of The Guardian)'s 15 key points about twitter (which can be viewed from about the 27th minute on <http://www.abc.net.au/tv/bigideas/stories/2010/11/22/3073387.htm>). As they stated in the workshop, it really depends on what endgame you want to achieve and hence whether you tweet twice a week, or if necessary employ someone to tweet regularly and establish a following. The Guardian, which is apparently regarded as one of the most technologically advanced newspapers in the world, has 1.6 million followers on twitter.

The keynote presentations covered a range of topics besides the current situation in the world and impact expectations for all commodities. I have now seen two presentations in consecutive conferences stating that **China's growth rate for 2012** is expected to be between **8% and 9%**, accelerating in 2013, not the 7% to 7.5% target. As was highlighted in one of the RES2012 presentations, even 7% growth is compound demand on top of last year's demand. The resource market is being driven by China and is expected to last for many years yet, with Australia one of the main recipients of the growth of Asia, partly due to its proximity.

Other topics covered a diverse range from the history of gas and exploitation of gas in Australia, new technologies producing oil from coal, non-diaphragm solvent extraction cells with the anode and cathode in separate cells for both precious and base metal production, the use of acoustics to fracture rock instead of crushing, and technologies such as combined solar and wind powered ferries, drones and ships (the ferries and drones are in operation).

RIO gave a presentation on its **fully automated open-cut operating mines** (it now has two of them) run from Perth, including a video of unmanned radio controlled diggers, trucks and vehicles. As someone remarked "if they had seen the video 10 years ago, they would have thought they were watching a science fiction movie". The truck numbered 202 shown in Figure 1 was one of the unmanned ones in the video.

Whittle Consulting illustrated their optimised computer simulation methods to enhance mining operations which are used by all the major mining companies, to improve NPV's, production and reduce costs. As someone remarked after attending one of Whittle's "Money Mining" courses the suggestion was to reduce throughput for a significant increase in recovery, which they had done the previous week resulting in a material improvement in production and costs.

One of the more diverse very interesting presentations was by Leonie Mckean's Chinese Language and Cultural Advice (clca) on how to understand and negotiate with Chinese people (based on practical experience) through applying 6 of the 36 strategies of the "Art of War" along with your connections or guanxi.

The strategies are **part of Chinese business** (but were interpreted into more recognisable western forms much the same as "don't cry over spilt milk") and included "wait leisurely for an exhausted enemy", "make noise in the east and attack in the west", or "lure the tiger (you) down the mountain (your company)". And "if all else fails, retreat", in which it is better to run away so as to be able to return, and not negotiate a retreat, because otherwise you won't or cannot return.

The last keynote presentation on the last day was by CBA covering all the commodities based on living in interesting times, but still provided a reasonably detailed outlook and perception of each commodity, precious, base and bulk.

Next years' RES 2013 Conference is to be held from 19 to 22 May 2013 and I have already booked my accommodation in the Outback Lodge Motel on the corner of Mica and Chloride streets in Broken Hill about three short blocks from the conference where the marquee is usually erected over a section of Chloride Street. **The Broken Hill town council are extremely supportive of the conference.**

Disclosure and Disclaimer : This article has been written by Keith Goode, the Managing Director of Eagle Research Advisory Pty Ltd, (an independent research company) who is a Financial Services Representative with Taylor Collison Ltd.

Figure 1. A Montage of the RES 2012 Symposium in Broken Hill in May 2012.

