

44/82

ON APPEAL FROM THE SUPREME COURT  
OF NEW SOUTH WALES EQUITY DIVISION  
IN PROCEEDINGS 1691 OF 1979

NEWMONT PROPRIETARY LIMITED

I.C.I. AUSTRALIA LTD.

H.C. SLEIGH RESOURCES LTD.

(Appellants) (Plaintiffs)

LAVERTON NICKEL N.L.

NICKEL MINES LIMITED

LEONORA NICKEL N.L.

ESSO EXPLORATION & PRODUCTION AUSTRALIA INC.

(Respondents) (Defendants)

**TRANSCRIPT RECORD OF PROCEEDINGS**

**VOLUME IV  
PART II**

SOLICITORS FOR THE APPELLANTS

Colin Biggers & Paisley,  
33 Bligh Street,  
SYDNEY.

By their Agents:

Freshfields,  
Grindall House,  
25 Newgate Street,  
LONDON, EC1A 7LH U.K.

SOLICITORS FOR THE RESPONDENTS

(1ST, 2ND & 3RD DEFENDANTS)

Colin W. Love & Co.,  
135 Macquarie Street,  
SYDNEY.

By their Agents:

Reynolds Porter Chamberlain,  
Chichester House,  
278 High Holborn,  
LONDON, WC1 7HA U.K.

SOLICITORS FOR THE RESPONDENT

(FOURTH-NAMED DEFENDANT)

Cutler Hughes & Harris,  
53 Martin Place,  
SYDNEY.

By their Agents:

Bircham & Co.,  
1 Dean Farrar Street,  
WESTMINSTER, SW10DY U.K.

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#6

THIS DEED made the 18th day of April, 1980 BETWEEN NICKEL MINES LIMITED a company duly incorporated in the State of New South Wales and having its registered office at 2 Railway Parade, Burwood in the said State (hereinafter called the Trustee) of the one part AND LEONORA NICKEL N.L. a company duly incorporated in the said state and having its registered office at 2 Railway Parade, Burwood in the said State (hereinafter called the Beneficiary) of the other part

WHEREAS the Trustee on the 7th day of April, 1972 made application to the Mining Warden, Charters Towers, Queensland for certain mining leases and in particular mining leases numbered 602 to 607 inclusive which it pegged at the request and on behalf of and at the cost of the Beneficiary

NOW THIS DEED WITNESSETH that the Trustee holds and declares that it always has held the said mining leases numbered 602 to 607 at Liantown, Charters Towers, Queensland upon trust for the Beneficiary and will deal with the said leases in such manner and at such times as required by the Beneficiary.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals the day and year first hereinbefore mentioned.

10

20

THE COMMON SEAL of  
NICKEL MINES LIMITED was  
 hereunto affixed by the authority  
 of the Directors previously given  
 and in the presence of: *Judith Matthews*  
 SECRETARY.



THE COMMON SEAL of LEONORA  
NICKEL N.L. was hereunto  
 affixed by the authority of  
 the Directors previously given  
 and in the presence of: *Judith Matthews*  
 SECRETARY.



30

Exhibit 3P - Deed between  
 Nickel Mines Limited and  
 Leonora Nickel N.L.

Exhibit 3P - Deed between  
Nickel Mines Limited and  
Leonora Nickel N.L.

DATED the 18th day of April, 1980

BETWEEN:

NICKEL MINES LIMITED

AND:

LEONORA NICKEL N.L.

---

DEED

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COLIN W. LOVE & CO.,  
Solicitors,  
183 Macquarie Street,  
SYDNEY N.S.W. 2000

Telephone: 221.2488  
D.X. 948

10

778. Exhibit 3P - Deed between  
Nickel Mines Limited and  
Leonora Nickel N.L.

Caveat forbidding Registration of Dealing in Respect of a Mining Tenement

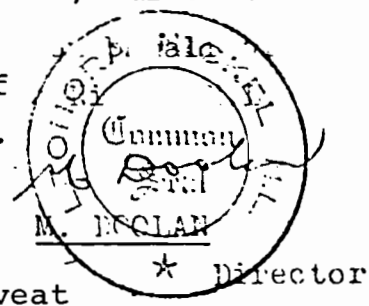
The Warden

Mining District of Charters Towers, at Charters Towers, take notice that Leonora Nickel N.L. having its registered office at 534 Princes Highway, Rockdale and being a recognised company in the State of Queensland, claiming a right of interest as equitable owner in or in relation to Mining Leases 602, 603, 604, 605, 606 & 607 forbids the registration of dealings in respect of such tenements (save such dealings the registration whereof is excepted in the caveat), at Liantown. 10

The address for service of the caveator is at c/ Marcel K Doolan Solicitor, 534 Princes Highway, Rockdale, N.S.W.

The names and addresses of all persons to whom the lodgement of the caveat is to be notified, under the provisions of this Act are; Nickel Mines Limited, 2 Railway Parade, Burwood. Dated at Sydney this 22nd day of December, 1978. 20

Signed on behalf of  
Leonora Nickel N.L.  
as agent



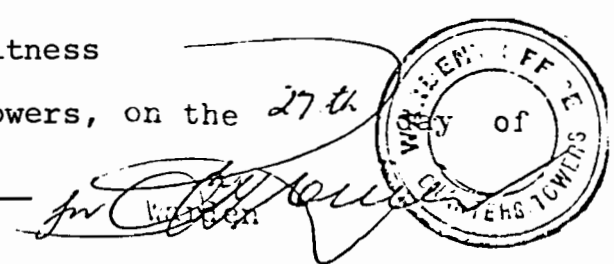
To the registered holder of Mining Leases  
602 603 604 605 606 and 607 Ch.Towers

I/We consent to the registration of the within caveat

Signed by the said )  
in the presence of ) Witness 30

Signed by the said )  
in the presence of ) Witness

Received at the Wardens Office Ch.Towers, on the 27th  
December 1978 at 9.30a.m.



- . Names to be given in full
- + Addresses to be given in full.
- \* Here state the nature of the right or interest claimed
- § Here describe mining tenement.
- ii Here describe dealings the registration whereof is excepted in the caveat.
- ' Here follows signature(s) of claimant(s) or signature by his/their Solicitors or Agent.





MJP

# Warden's Office.

CHARTERS TOWERS, 4820.

15

4th January, 1979.

*orig on M.L. 602  
attached files*

The Under Secretary,  
Department of Mines,  
BRISBANE, 4000.

Dear Sir,

Re: Mining leases 602, 603, 604, 605,  
606 and 607 - CH. TOWERS

I forward herewith copy of a Caveat document received  
at this office on 27th December, 1978.

10

Fees totalling \$48 have been collected and were included  
with the December, 1978 collections.

Records at this office have been appropriately noted and  
Nickel Mines Limited (the holder of these leases) has been  
advised accordingly.

Yours faithfully,


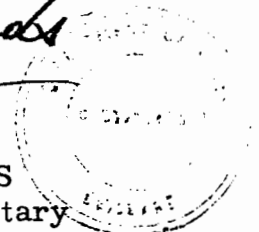
(E.W. Lendich)  
WARDEN

CERTIFICATE

I, JACK TUNSTAL WOODS, Under Secretary, Department of Mines, Brisbane being the proper Officer having care, custody and control of the records of the said Department of Mines, Brisbane, HEREBY CERTIFY that the attached typewritten pages numbered 1 and 2 (inclusive) contain a true and correct photocopy of a letter dated 4th January, 1979 received from the Warden, Charters Towers and annexure referred to therein regarding Mining Leases Nos. 602 to 607 (inclusive), Charters Towers of which they purport to be a copy.

DATED at BRISBANE this Fifteenth day of April, 1980

10

  
  
J. T. WOODS  
Under Secretary  
Department of Mines  
BRISBANE.

LIONTOWN  
JOINT VENTURE AGREEMENT

between

LAVERTON NICKEL N.L.  
(Provisional Liquidator Appointed)

NICKEL MINES LIMITED  
(Provisional Liquidator Appointed)

NEWMONT PROPRIETARY LIMITED

ICI AUSTRALIA LIMITED

and

10

H.C. SLEIGH RESOURCES LIMITED

1. INTRODUCTION

1.1 Date

This Agreement is made as at the \_\_\_\_\_ day of  
One thousand nine hundred and seventy-  
eight.

1.2 Parties

This Agreement is made between:-

- 1.2.1 LAVERTON NICKEL N.L. (Provisional Liquidator Appointed), hereinafter called "Laverton", a company constituted under the laws applicable in New South Wales with its registered office at 2 Railway Parade, Burwood, New South Wales and being a recognised company in the State of Queensland of the first part; 10
- 1.2.2 NICKEL MINES LIMITED (Provisional Liquidator Appointed), hereinafter called "Nickel Mines", a company constituted under the laws applicable in the State of New South Wales with its registered office at 2 Railway Parade, Burwood, New South Wales and being a recognised company in the State of Queensland of the second part; 20
- 1.2.3 NEWMONT PROPRIETARY LIMITED, hereinafter called "Newmont", a corporation constituted under the laws applicable in the State of Delaware, United States of America, and being registered as a foreign company in the State of Victoria with its registered office at 535 Bourke Street Melbourne Victoria and being a recognised company in the State of Queensland of the third part; 30

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1.2.4 ICI AUSTRALIA LIMITED, hereinafter called "ICI" a company incorporated under the laws applicable in the State of Victoria with its registered office at 1 Nicholson Street Melbourne Victoria and being a recognised company in the State of Queensland of the fourth part;

1.2.5 H.C. SLEIGH RESOURCES LIMITED, hereinafter called "HCS", a company incorporated under the laws applicable in Tasmania with its registered office at 160 Queen Street, Melbourne, Victoria and being a recognised company in the State of Queensland of the fifth part; 10

and their respective successors and assigns.

1.3 Background and Purposes

This Agreement witnessess that, whereas:-

1.3.1 The Parties hereto have agreed to carry out as a Joint Venture the exploration evaluation and, if warranted, exploitation of any mineral deposits discovered in the Designated Area as hereinafter defined; and 20

1.3.2 The purpose of this Agreement is to provide for the Joint Venture between Laverton, Nickel Mines, Newmont, ICI and HCS for implementing the objectives referred to in this Agreement, upon the terms and subject to conditions contained in this Agreement; 30

therefor, the Parties agree and declare as provided in this Agreement.

2. DEFINITIONS

2.1 In this Agreement unless the context otherwise requires:-

2.1.1 "Approved Programme" means, in any relevant case, a programme and budget as referred to in Clause 5.1 which has been approved by the Representatives pursuant to the provisions of Clause 5.1.3 in such case; 10

2.1.2 "Commencement Date" means the date on which the last of the consents, approvals and authorities referred to in Clauses 3.1.2 and 3.1.3 necessary or applied for are received, and upon that date this Agreement shall be deemed to have come into effect upon the First day of November 1978;

2.1.3 "Contributing Interest" means the share, expressed as a percentage of the cost of any programme being carried out hereunder, which a Party is liable to contribute to in accordance with Clause 5.2; 20

2.1.4 "Contributing Parties" means the Parties to this Agreement who have agreed to bear a share of the cost of Approved Programmes under Clause 5.1.4;

2.1.5 "Designated Area" means the whole of the land outlined in black on the First Schedule hereto; 30

2.1.6 "Force Majeure" shall include but not be limited to an Act of God, strike, lockout, act of the public enemy, war, blockade, revolution,

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riot, insurrection, civil commotion, lightning, fire, storms, flood, explosion, governmental restraint or restrictions, embargoes, unavailability of equipment and any other cause which is not reasonably within the control of the Party claiming suspensions;

10

2.1.7 "Interest" means the agglomeration of interests and rights subject to the obligations and liabilities to which each of the Parties is entitled under this Agreement for the time being and from time to time;

2.1.8 "Joint Venture" means the joint venture between the Parties established and constituted by this Agreement;

2.1.9 "Manager" means the Party for the time being appointed and acting as the manager of the Joint Venture pursuant to Clause 4.1;

20

2.1.10 "Mine Development Area" means the area, the subject of a detailed economic feasibility study pursuant to Clause 7.1;

2.1.11 "Mining Titles" means the Mining Tenements specified on the Second Schedule hereto situated in the Charters Towers District in the State of Queensland (including any modifications thereto, renewals thereof or substitutions therefor) and any other mineral tenements which shall have become mining titles for the purposes of the Joint Venture pursuant to the provisions

30

of Clauses 8.1 and 8.2 as for the time being shall be in existence and shall not have been disposed by the Joint Venture pursuant to and in accordance with this Agreement;

2.1.12 "Quarter" means a period of three (3) consecutive months commencing on the first day of January, April, July, and October; 10

2.1.13 "Related Company" in relation to a corporation has the meaning ascribed to it by Section 6 of the Companies Act 1961 of the State of Victoria;

2.1.14 "Representative" means the person for the time being appointed pursuant to Clause 4.3;

2.1.15 "Majority Vote" means a majority of the votes cast by Representatives or their nominees at a meeting of Representatives pursuant to the provisions of Clause 4.4.4; 20

2.1.16 "Date of Commencement of Commercial Scale Mining Operations" means the ~~date-on~~ <sup>first day of 1st quarter in</sup> which output of mineral product from the Development first achieves seventy percent (70%) of the proposed designed capacity of such Development as referred to in the economic feasibility study prepared by the Manager pursuant to Clause 7.1.5 hereof;

2.1.17 "Net Cash Flow" means the amount computed pursuant to Clause 7.3.2 hereof; 30

2.1.18 "Equalisation Date" means the date determined pursuant to Clause 7.3.3 hereof.

X  
Def. 21.20 Procured Product Marketable Product produced  
Development from  
21.21 ~~by-the time~~ the development



2.2 References

For the purposes of this Agreement except to the extent that the subject matter or context may otherwise require:-

2.2.1 Expressions indicating the singular number shall be capable of indicating the plural number, and vice versa; 10

2.2.2 Expressions indicating the masculine gender shall also be capable of indicating and including the feminine and neuter genders;

2.2.3 Expressions indicating natural persons shall also be capable of indicating bodies corporate and vice versa;

2.2.4 References to any statutory enactment of the Commonwealth of Australia or any State or Territory thereof shall mean the statutory enactment as amended modified or re-enacted (in a similar form) from time to time; 20

2.2.5 Headings shall not form part of this Agreement and shall not be relevant to the construction hereof.

3. JOINT VENTURE

3.1 Constitution

3.1.1 Laverton, Nickel Mines, Newmont, ICI and HCS hereby associate in a Joint Venture upon the terms and subject to the conditions provided for in this Agreement; 30

3.1.2 This Agreement is conditional on the granting

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- of the following consents or approvals:-
- 3.1.2.1 approval of the Reserve Bank of Australia;
- 3.1.2.2 The Treasurer not making an order under Part 2 of the Foreign Take Board; 10
- 3.1.2.3 the Equity Divisions of the Supreme Court of New South Wales.
- 3.1.2.4 The approval of the Honourable Minister for Mines & Energy in the state of Queensland, or any one of the share applications for approval are rejected any force and effect; 20
- 3.1.3 This Agreement is also conditional upon the execution no later than ten (10) days from the date hereof by William James Hamilton, Provisional Liquidator of Laverton, Laurence Brian Hunter, Provisional Liquidator of Nickel Mines and the Parties hereto of an agreement in the form of the Third Schedule hereto wherein the aforesaid Provisional Liquidators agree to be bound by the terms of this Agreement and to certain other conditions related to the Designated Area; 30
- 3.1.4 In the event that this Agreement ceases to have full force and effect under Clause 3.1.2 or 3.1.3 the Mining Titles will revert to the original holders and expenditure during the twelve (12) month period shall be borne by each Party in accordance with their respective Contributing Interests;
- 3.1.5 Newmont covenants to lodge all applications for approval which it considers necessary 40

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pursuant to Clauses 3.1.2.1 and 3.1.2.2 and Laverton and Nickel Mines covenant to lodge all applications for approval which they, Newmont, ICI or HCS consider necessary pursuant to Clause 3.1.2.3 as soon as practicable but not later than two (2) months after the date hereof and they shall advise the other Parties in writing as soon as practicable after the receipt of any consent so applied for.

10

3.2 Objects

The objects of the Joint Venture are to prospect and explore for and if warranted develop and exploit any mineral deposits which are determined by the Parties in accordance with the provision of Clause 7 hereof to be capable of economic exploitation within the Designated Area.

20

3.3 Interests of Parties

3.3.1 The respective percentage Interests of the Parties in the Joint Venture unless and until varied as provided in this Agreement, shall be:-

3.3.1.1 Laverton - fifteen percent (15%);

3.3.1.2 Nickel Mines - fifteen percent (15%);

3.3.1.3 Newmont - forty percent (40%);

3.3.1.4 ICI - twenty percent (20%);

3.3.1.5 HCS - ten percent (10%).

30

3.3.2 Subject as otherwise expressly provided in this Agreement, the Interest to which each of

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the Parties is entitled under this Agreement shall be an undivided Interest as tenant in common in equity with the other Parties in the Mining Titles and in all minerals produced by the Parties from the Designated Area and in all plant, machinery, equipment, tools, moneys and other property and assets of whatsoever nature acquired for the time being for the purposes of the Joint Venture and not disposed of in the course of carrying on the Joint Venture. 10

4. MANAGEMENT AND REPRESENTATIVES

4.1 Manager

4.1.1 The Manager of the Joint Venture shall be appointed to and continue in that position until the happening of the first to happen of the following events, namely:- 20

4.1.1.1 the resignation of the Manager at any time from the office as manager of the Joint Venture upon giving to the other Parties not less than ninety (90) days prior notice in writing to that effect;

4.1.1.2 the giving by the Manager of a notice of withdrawal from the Joint Venture pursuant to the provisions of Clause 9.1; 30

4.1.1.3 the forfeiture by the Manager of its Interest in the Joint Venture pursuant

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to the provisions of Clause 9.2;

4.1.1.4 the assignment by the Manager of the whole of its Interest in the Joint Venture pursuant to the provisions of Clause 10.1 being other than an assignment to a Related Company of the Manager pursuant to the provisions of Clause 10.1.1; 10

4.1.1.5 the Manager and/or its Related Company ceasing to hold any Interest in the Joint Venture in any other manner whatsoever.

4.1.2 Newmont shall be the first Manager of the Joint Venture, and upon Newmont or any subsequent Manager ceasing to be Manager of the Joint Venture, the Manager thereafter shall be such willing one of the Contributing Parties as is from time to time chosen by one (1) or more of the Contributing Parties for the time being holding or holding between them a majority of the total Contributing Interests in the Joint Venture. 20

#### 4.2 Functions of Manager

4.2.1 The Manager of the Joint Venture in such capacity shall, subject as otherwise expressly provided in this Agreement, have the exclusive control and supervision of the carrying out of operations of the Joint Venture pursuant to this Agreement. 30

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- 4.2.2 The Manager shall proceed, through its servants, agents and/or independent contractors, to prospect and explore for and develop and exploit any mineral occurrences in the Designated Area, but only in accordance with programmes from time to time approved by the Representatives pursuant to Clause 5.1.3 and shall ensure that:- 10
- 4.2.2.1 the activities of the Joint Venture are conducted in an efficient and workmanlike manner in accordance with good exploration and mining practice and in compliance with the terms of the Mining Titles and in accordance with all relevant statutory requirements;
- 4.2.2.2 the other Parties are kept fully informed on all current material matters arising out of the activities of the Joint Venture and, in addition, are furnished with full reports on the said activities, the results thereof and the Expenditure of the Joint Venture at calendar monthly intervals as may be decided from time to time by the Representatives; 20 30
- 4.2.2.3 proper records (including all appropriate maps, geological, geophysical and geochemical data, trenching and drill hole data, analyses, surveys,

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reports, mining and production and processing results and accounts of the Joint Venture and all other information and data) relating to the Joint Venture and the activities and operations of the Joint Venture are kept in an up to date condition and such records are open for inspection by duly authorised officers of the other Parties at such place in Australia as the Manager chooses and that the other Parties are advised in writing of such choice; 10

4.2.2.4 the books of account, registers and other records of the Joint Venture and of the Manager relating to the Joint Venture are audited annually and no later than the Thirty-first day of December in each year by independent auditors nominated for the time being by the Manager and agreed upon by the other Parties which agreement shall not be unreasonably withheld and the other Parties are furnished with certificates given by such auditors as to the results of their audit; 20 30

4.2.2.5 all customary insurances are effected and maintained in respect of the activities and operations and assets

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and facilities of the Joint  
Venture in accordance with the  
Parties' respective insurable Int-  
erests;

4.2.2.6 the other Parties shall have the  
right to enter into the Desig-  
nated Area at all reasonable times  
and by prior arrangement with the  
Manager to inspect operations and  
facilities of the Joint Venture,  
provided that any such entry and  
inspection, except where otherwise  
agreed by the Representatives, shall  
be at the sole expense of the Party  
entering and inspecting.

10

4.3 Representatives

4.3.1 Each of the Parties holding an interest in  
the Joint Venture shall act through one (1)  
Representative duly appointed by that Party  
by notice in writing to the other Parties,  
except for the purposes of:-

20

4.3.1.1 agreeing to forfeit the Interest in  
the Joint Venture of any defaulting  
Party pursuant to Clause 9.2;

4.3.1.2 consenting to any assignment of the  
Interest of any Party to the Joint  
Venture pursuant to Clause 10.1;

4.3.1.3 agreeing to terminate this Agree-  
ment and the Joint Venture;

30



4.3.1.4 modifying or amending the provisions of this Agreement.

4.3.2 Any Representative may orally or in writing nominate another person or Representative to act on his behalf at any meeting or meetings and such other person or Representative shall be entitled so to act, if nominated in writing, upon production of the nomination, and if nominated orally, upon all other Representatives present at the relevant meeting or meetings agreeing to accept such nomination. 10

4.3.3 All Representatives appointed pursuant to the provisions of Clause 4.3.1 and all other persons nominated to act on behalf of any Representative pursuant to the provisions of Clause 4.3.2 shall be individual natural persons.

4.4 Meetings and Decisions of Representatives

4.4.1 Any Party may, at any time, by notice in writing to the Manager, request that the Manager summon a meeting of the Representatives and the Manager shall summon such a meeting accordingly. In the event that no Party has summoned a meeting of Representatives in any period of twelve (12) months, then unless otherwise agreed by all the Parties, the Manager shall thereupon summon such a meeting. All meetings of Representatives shall, unless otherwise agreed by all the Representatives, 20 30

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be held at such reasonable place in Australia as the Manager chooses and upon making a choice for such purpose, the Manager will in writing advise the Representatives of such choice.

- 4.4.2 Not less than fourteen (14) days prior written notice shall be given to the Parties of all meetings specifying the general nature of the business to be transacted thereat, and unless otherwise agreed unanimously by the Representatives of all Parties, no business other than that specified shall be transacted at the relevant meeting. If all the Representatives agree, notice of any meeting and of specific items of business may be waived. 10
- 4.4.3.1 The quorum for meetings shall be two (2) Representatives. 20
- 4.4.3.2 If within half an hour from the time appointed for a meeting of Representatives a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for such adjourned meeting, the Representatives present shall be deemed to be a quorum. 30
- 4.4.3.3 A meeting of the Representatives at which a quorum is present or deemed to be present in accordance with the provisions of Clause

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- 4.4.3.2 shall be empowered to exercise any of the functions vested in the Representatives by this Agreement, and decisions of the Representatives shall be binding on all Parties.
- 4.4.4 Except where it is expressly provided in this Agreement that any decision, agreement or approval of the Parties or the Representatives is to be unanimous, decisions taken by the Representatives in relation to the Joint Venture shall be by Majority Vote. Each of the Representatives present at any meeting shall at that meeting be entitled to a number of votes corresponding to the percentage Contributing Interest in the Joint Venture for the time being of the Party which appointed him. A Representative acting on behalf of another Representative and nominated pursuant to Clause 4.3.2 shall be entitled to vote on behalf of his nominator as well as on his own behalf. 10 20
- 4.4.5 The Representative appointed by the Manager for the time being of the Joint Venture shall be entitled to be chairman of all meetings of Representatives but as such, shall not be entitled to any casting vote or votes in addition to the votes to which he is entitled under Clause 4.4.4. 30
- 4.4.6 Minutes of the proceedings at meetings of Representatives shall be kept and copies thereof

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circulated by the Manager within  
thirty (30) days after such meeting to all  
Parties for review, comment and/or approval  
by their Representatives as a correct record  
of such proceedings. Minutes of a meeting  
approved by all the Representatives and sign-  
ed by the chairman of the meeting or the  
next succeeding meeting shall be accepted as 10  
prima facie evidence of the business trans-  
acted at such meeting.

5. PROGRAMMES AND CONTRIBUTIONS AND EXPENDITURE ETC.

5.1 Work Programmes and Budgets

5.1.1 All activities of the Joint Venture from time  
to time shall be carried out pursuant to and  
in compliance with Approved Programmes rel-  
ating to such activities for the time being.  
Each such Approved Programme shall be a pro-  
gramme and budget which has been prepared 20  
and approved in accordance with the prov-  
isions of this Clause 5.1.

5.1.2 The Manager shall from time to time prepare  
and submit for consideration at meetings of  
the Representatives programmes for the pro-  
posed prospecting, exploration, investiga-  
tion, development and exploitation to be  
carried out in respect of the Designated  
Area together with budgets showing the est-  
imated expenditure in respect of each such 30  
programme. Such programmes and budgets  
shall be prepared in

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respect of periods of six (6) months commencing on the First day of July or January in each year, provided that the Manager may from time to time prepare and submit supplementary or revised programmes and budgets in respect of shorter periods, and all such programmes and budgets shall be submitted to the Parties at least twenty-eight (28) days before the commencement of the relevant period. 10

5.1.3 The Manager shall convene a meeting of the Representatives not later than fourteen (14) days after the submission of any programme or budget referred to in Clause 5.1.2 at which the Representatives shall advise the Manager of any suggested modifications or variations. The particulars of the programme or budget to be adopted shall be determined by a Majority Vote of the Representatives pursuant to Clause 4.4.4. 20

5.1.4 Upon approval of any programme and budget or any variation thereof, then subject to the provisions of Clause 5.2, each of the Parties as shall not have given a notice under Clause 9.1 shall be liable to bear its Contributing Interest of the cost thereof. 30

5.1.5 The Manager will ensure that, except with the approval of the Representatives, expenditures on any of the Approved Programmes will not be exceeded by more than ten percent (10%).

5.2 Contributions

5.2.1 The Manager may as and when required to meet the agreed programmes and budgets approved by the Representatives (but not more than thirty (30) days in advance of any quarterly period) request contributions of funds from the Parties liable to make such contributions and the funds so required shall be contributed by such Parties by payment to the Manager within thirty (30) days after the date of the request. The Manager shall hold such funds in trust and meet the costs of programmes and budgets from such funds. Notwithstanding the provisions of Clauses 5.2.2 and 9.2 any amounts not duly contributed as above provided shall bear interest at the rate of fifteen percent (15%) per annum from the expiration of the said thirty (30) days during the period it is overdue.

10

20

5.2.2 If any Party shall fail to make any contribution as and when the same ought to be made in accordance with the provisions of Clause 5.2.1, without prejudice to the provisions of Clauses 5.2.1 and 9.2, the other Parties shall be entitled to either:-

5.2.2.1 take proceedings to enforce the making of such contribution; or

5.2.2.2 without limiting or restricting any other rights or recourse they may

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have, the other Parties may instruct the Manager to retain all of the minerals produced from the Designated Area to which a Party in breach of this Clause may otherwise be entitled until such time as the Party in breach of the Clause shall have made payment 10 of all amounts due together with any interest thereon calculated in accordance with Clause 5.2.1. The Manager shall, by notice in writing, advise the Party in breach of the Clause of such retention and in the event that such Party fails to make all contributions then due no later than thirty (30) days from the date of notice issued hereunder then the Manager 20 shall be entitled to dispose of the minerals then retained and to apply the proceeds from such disposal to settlement of the Party's contributions in arrears plus accrued interest thereon at the date of the notice issued hereunder.

5.2.3 Notwithstanding the foregoing sub-clauses of this Clause, Laverton and Nickel Mines shall not be obliged to contribute to the Joint 30 Venture until Newmont, ICI and HCS have contributed and expended by way of eligible expenditure on Approved Programmes an aggregate

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amount of one million seven hundred and fifty thousand dollars (\$1,750,000) at not less than the following rate, namely:-

- 5.2.3.1 an initial amount of two hundred and thirty thousand dollars (\$230,000) within the period commencing on the First day of November 1978, and terminating no later than the Thirtieth day of April 1980; 10
- 5.2.3.2 a further amount of two hundred and fifty thousand dollars (\$250,000) within the period of twelve (12) months commencing no later than the First day of May 1980, and terminating no later than the Thirtieth day of April 1981;
- 5.2.3.3 a further amount of two hundred and seventy thousand dollars (\$270,000) within the period of twelve (12) months commencing no later than the First day of May 1981, and terminating no later than the Thirtieth day of April 1982; 20
- 5.2.3.4 a further amount of one million dollars (\$1,000,000) within the period of eighteen (18) months commencing no later than the First day of May 1982, and terminating no later than the Thirty-first day of October 1983; 30



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provided that the above expenditures shall be minimum commitments for the periods specified and the rate of such expenditures may be accelerated at the discretion of Newmont, ICI and HCS in which case expenditures in excess of the minimum commitment in any such period shall be credited against the commitment in subsequent periods. 10

5.3 Expenditure

5.3.1 Except as hereinafter specifically provided, expenditure to be borne by the Parties hereto in proportion to their respective Contributing Interests from time to time shall be all expenditure necessarily incurred in carrying out activities hereunder and without limiting the generality hereof shall include the costs involved in taking up or acquiring a New Interest pursuant to Clause 8.1.2 if such New Interest is included in the Joint Venture and items set out in the Fourth Schedule. 20

5.3.2 Such expenditure shall not include any expenses incurred in connection with meetings of Representatives or any portion of the costs incurred by the individual Parties hereto in relation to operations hereunder except in relation to any services performed by any Party at the request of the Representatives or the Manager. 30

5.4 Payments to Laverton and Nickel Mines

During the continuance of the Joint Venture, Newmont,  
Exhibit "3R" - Draft Joint  
804. Venture Agreement

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ICI and HCS shall make the following payments to each of Laverton and Nickel Mines in consideration for the establishment of the Joint Venture:-

- 5.4.1 The sum of fifteen thousand dollars (\$15,000) no later than fourteen (14) days after the date hereof or the date on which the of the Supreme Court of New South Wales last of the consents referred to in Clause Equity Division is obtained given its con- 10  
3.1, 2.3 are received whichever first occurs; sent
- 5.4.2 the sum of twenty thousand dollars (\$20,000) on or before the first anniversary date of the payment referred to in Clause 5.4.1 hereof;
- 5.4.3 the sum of twenty-five thousand dollars (\$25,000) on or before the second and each subsequent anniversary date of the payment 20  
referred to in Clause 5.4.1 hereof until the Date of Commencement of Commercial Scale Mining Operations by the Parties hereto in the Designated Area.

6. VARIATIONS OF CONTRIBUTIONS

6.1 Elections by Laverton and Nickel Mines

- 6.1.1 After expenditure of one million seven hundred and fifty thousand dollars (\$1,750,000) by Newmont, ICI and HCS, pursuant to Clause 5.2.3 hereof, the Manager shall by notice in 30  
writing advise Laverton and Nickel Mines of the aforesaid expenditure together with an estimate of the Contributing Interest of Laverton and Nickel Mines to any uncompleted Approved Programme at the date of that notice.

time-election!!  
5yrs:-NO

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6.1.2 No later than thirty (30) days from the date of a notice issued pursuant to Clause 6.1.1 hereof, Laverton and Nickel Mines may elect by notice in writing to the Manager not to contribute to Joint Venture expenditures until the issue of a notice by the Manager pursuant to Clause 7.2.1 hereof. As from the date of an election by Laverton and/or Nickel Mines hereunder, Newmont, ICI and HCS shall be liable for the electing Party's Contributing Interest in all Approved Programmes until the issue of a notice pursuant to Clause 7.2.1 hereof. 10

6.1.3 In the event that a notice is issued by the Manager pursuant to Clause 7.2.1 hereof, Laverton and/or Nickel Mines may elect by notice in writing issued no later than ninety (90) days after the date of the notice issued by the Manager pursuant to Clause 7.2.1 hereof not to contribute to Joint Venture expenditures until the Date of Commencement of Commercial Scale Mining Operations in the Designated Area. As from the date of election by Laverton and/or Nickel Mines hereunder, Newmont, ICI and HCS shall be liable for the electing Parties' Contributing Interest to Approved Programmes from the date of the notice issued by the Manager pursuant to Clause 7.2.1 hereof and the Date of Commencement of Commercial Scale Mining Operations in the Designated Area. 20 30

180 dys after  
feasibility

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6.1.4 Notwithstanding anything to the contrary herein contained, Laverton and/or Nickel Mines elections under Clause 6.1.2 and 6.1.3 hereof shall be restricted to their initial fifteen percent (15%) Interest in the Joint Venture. Any additional Interest acquired by Laverton and/or Nickel Mines in the Joint Venture howsoever shall not attract or carry with it the right to elect not to contribute to Approved Programmes under Clauses 6.1.2 and 6.1.3. Any such additional Interest acquired by Laverton and/or Nickel Mines shall rank pari passu with Interests of Newmont, ICI and HCS. 10

6.1.5 In the event that Laverton and/or Nickel Mines issues a notice pursuant to Clause 6.1.2 hereof and does not issue a further notice pursuant to Clause 6.1.2<sup>3</sup> hereof, Laverton or Nickel Mines as the case may be shall, no later than ninety (90) days after the issue of a notice by the Manager pursuant to Clause 7.2.1 hereof:- 20

6.1.5.1 make a cash payment to Newmont, ICI and HCS of an amount computed in accordance with the following formula:-

*4.5% per annum*

$$X = \sum_{A=1}^D 0.15C_A (1.045)^{-A+1} \quad 30$$

where:-

X is the amount of the cash payment by Laverton and/or Nickel Mines to Newmont, ICI and HCS;

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- A is an indicator which identifies each particular quarter after the issue of a notice by the Manager pursuant to Clause 6.1.1 hereof; quarter one is the first quarter after the issue of such a notice; and quarter A is the Ath quarter after the issue of such a notice by the Manager pursuant to Clause 6.1.1 hereof does not coincide with the end of a quarter, then the Manager's Clause 6.1.1 notice shall be deemed to have been given at the end of the quarter finishing immediately prior to the quarter in which that notice was issued; 10 20
- D is the number of quarters in the period between the issue of notices by the Manager pursuant to Clauses 6.1.1 and 7.2.1 hereof. If the issue of a notice by the Manager pursuant to Clause 7.2.1 hereof does not coincide with the end of a quarter, then the Manager's Clause 7.2.1 notice shall be deemed to have been given at the end of the quarter finishing 30

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immediately prior to that in  
which that notice was issued;  
C<sub>A</sub> is the total amount of contri-  
butions to Approved Programmes  
by the contributing parties in  
the Ath quarter.

The amount (X) payable by Laverton 10  
and/or Nickel Mines as the case may  
be shall be shared between Newmont,  
ICI and HCS in the proportions that  
their respective Contributing Inte-  
rests to the Joint Venture at the  
date of such payment bear to one  
another.

6.1.5.2 provide to the Manager documentary 20  
evidence that Laverton and/or Nickel  
Mines as the case may be have sec-  
ured adequate finance in a form  
satisfactory to the Manager, to  
meet their Contributing Interest  
in the cost of the Development as  
estimated in the economic feasib-  
ility report prepared pursuant to  
Clause 7.1.5 hereof.

6.1.6 The liabilities assumed by Newmont, ICI and 30  
HCS pursuant to elections by Laverton and/  
or Nickel Mines under Clause 6.1.2 and/or  
6.1.3 hereof shall be shared between those  
Parties in the proportions that their res-  
pective Contributing Interests immediately  
prior to such election bear to each other.

7. DEVELOPMENT AND OPERATING PHASE

7.1 Feasibility Studies and Financing Arrangements

7.1.1 If at any time any Contributing Party considers a mineral occurrence in the Designated Area to warrant an economic feasibility study, that Party may prepare and submit to the other Parties a preliminary economic feasibility study in relation to such mineral occurrence. Within thirty (30) days after submission of such preliminary economic feasibility study, each of the Contributing Parties shall advise the Manager in writing whether it elects to proceed with a detailed economic feasibility study of such mineral occurrence. 10

7.1.2 If the Parties holding between them a majority of the Contributing Interests hereunder decide pursuant to Clause 7.1.1, to proceed with a detailed economic feasibility study, the Parties with a Contributing Interest in the Joint Venture which elect to proceed (hereinafter called "the Participating Parties") shall define an area or areas (hereinafter collectively called "the Mine Development Area") and shall advise any Parties who have elected not to proceed by notice in writing the details of the Mine Development Area. From the date of such notice, the Mine Development Area will cease to form part of the designated area provided that the relationship between the Participating Parties in relation 20

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to the Mine Development Area shall continue to be governed by the terms of this Agreement in so far as they are applicable.

- 7.1.3 Any Participating Party may at any time after a programme and budget in relation to the Mine Development Area has been submitted pursuant to Clause 5.1.2 hereof but within seven (7) days after the same has been approved by the Representatives of the Participating Parties by notice in writing to the others elect, subject to Clauses 7.1.4, 7.1.5 and 7.1.6 hereof, to make no further contributions to the Mine Development Area. A Contributing Party which elects not to proceed with a detailed economic feasibility study pursuant to Clause 7.1.1 hereof will be deemed to have issued a notice pursuant to this Clause. Any notice given pursuant to this Clause shall be irrevocable. 10 20

- 7.1.4 7.1.4.1 The Interests of the Participating Parties in the Mine Development Area shall be in the proportions that the Parties' respective Interests hereunder bear to each other.

- 7.1.4.2 Where a Participating Party has issued a notice pursuant to Clause 7.1.3 hereof, all costs incurred in relation to the Mines Development Area shall thereafter as from the commencement of the programme and budget 30



- 30 -

first referred to in Clause 7.1.3 hereof be borne by the other Participating Parties (as shall not have previously given a notice under Clause 7.1.3 hereof) but the Participating Party giving such notice shall remain liable for its proportion of the cost of any uncompleted programme and budget in relation to the Mine Development Area in progress at the time of giving such notice.

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7.1.5 The Manager shall as expeditiously as practicable prepare and submit to the Parties an economic feasibility study (the costs of which shall be borne by the Participating Parties in proportion to their respective Contributing Interests in the Mine Development Area) in such detail and within such margins of accuracy as will allow each Participating Party to decide whether, subject to finance, it wishes to proceed to development. Each Participating Party will notify the Manager within forty-five (45) days of receipt of the aforesaid study whether it wishes to participate in a study into the structure and financing of development and commercial exploitation of the Mine Development Area.

excluding Laverton  
N. Mines,

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7.1.6 The Manager will forthwith notify each Participating Party in writing of the intentions of the respective Participating Parties as referred

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to in Clause 7.1.5, and subject to one  
(1) Participating Party wishing to proceed  
will call a meeting of Representatives of  
Participating Parties within fourteen (14)  
days thereafter to consider the form or  
structure of the enterprise, any necessary  
financing arrangements for the proposed  
development and commercial exploitation  
of the relevant mineral occurrence.

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7.1.7 In the event that Laverton and/or Nickel  
Mines make elections pursuant to Clause  
6.1.2 hereof, they will be deemed to be  
Participating Parties for the purposes of  
Clauses 7.1.5 and 7.1.6 hereof.

7.2 Participation in Development

7.2.1 Within ninety (90) days after the completion  
of the meeting of Representatives referred  
to in Clause 7.1.6, each Participating Party  
will notify the Manager in writing whether  
it wishes to proceed with the Development.  
On the expiration of the aforesaid ninety  
(90) days if any one (1) of the Participating  
Parties decide to proceed, the Manager  
shall by notice in writing advise all Parties  
of any decision to proceed and those  
Participating Parties who have decided to  
proceed will proceed with development and  
commercial exploitation of the mineral  
deposit concerned.

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7.2.2 The respective percentage Interests in the

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Development of each of the Participating Parties as shall proceed therewith shall be in the proportions that the Participating Parties respective percentage Interests hereunder at the date of notice issued by the Manager pursuant to Clause 7.2.1 bear to each other. Each Participating Party which has not indicated that it wishes to proceed shall have no interest in the Development or the Mine Development Area nor in the Mining Titles in so far as they relate thereto nor to any minerals produced pursuant thereto and shall have no obligation to make any contributions thereto.

10

7.2.3 As soon as practicable all Participating Parties in the Development will meet to determine any further matters in relation to the Development. Any decisions made or additional or supplemental agreements entered into in relation to the Development shall be subject to and read in conjunction with the terms of this Agreement unless unanimously decided otherwise by the Participating Parties in the Development.

20

7.2.4 Notwithstanding any decision made or agreement entered into by the Participating Parties in the Development, if commercial production from the Mine Development Area is not commenced substantially at or above the level contemplated in the economic feasibility study referred to in Clause 7.1.7 hereof within four (4) years

30

of the end of the ninety (90) day period referred to in Clause 7.2.1 hereof, then the Participating Parties to the Development shall offer to re-transfer to any non-Participating Parties the Interest in the Mine Development Area which such Party had forfeited pursuant to Clause 7.2.2 hereof. 10  
If such offer is accepted within ninety (90) days then as between themselves the Participating Parties to the relevant Development shall be obliged to re-transfer to any non-Participating Parties that part of their respective then Interests in the Mine Development Area acquired as a result of the aforesaid forfeiture by the said Parties. Such re-transfer shall be subject to any non-Participating Parties paying by way of 20 reimbursement to the then Participating Parties to the Development such sum as bears the same proportion to the total sum expended on the Development since its commencement as the Interest being transferred bears to the total Interests in the Mine Development Area of all Parties before the commencement of the Development. The sum so paid by any incoming Parties shall be divided between the then Parties to the Development in 30 proportion to the Interest they acquired from the incoming Party on the declaration of commencement of the Development.

7.2.5 In the event that Laverton and/or Nickel Mines make elections pursuant to Clause 6.1.3 hereof,

they will be deemed to be Participating Parties for the purposes of Clauses 7.2.2, 7.2.3 and 7.2.4 hereof.

7.3 Contingent Liability After Mine Commencement

7.3.1 In the event that Laverton and/or Nickel Mines make election pursuant to Clause 6.1.2 and/or 6.1.3, Laverton or Nickel Mines as the case may be shall be liable to pay to Newmont, ICI and HCS in the proportions that those Parties' respective Contributing Interests at the time bear to each other, eighty percent (80%) of Laverton or Nickel Mines' Net Cash Flow as hereinafter defined in each Quarter in the period between the Date of Commencement of Commercial Scale Mining Operations in the Designated Area and the Equalisation Date. 10

7.3.2 Net Cash Flow shall be computed in each Quarter in accordance with the following formula:- 20

$$F_K = R - (O + T)$$

where:-

$F_K$  is the Net Cash Flow of Laverton or Nickel Mines in the Kth Quarter;

R is the revenue actually received

by Laverton or Nickel Mines as the case may be in each Quarter commencing in the first Quarter after the Date of Commencement of Commercial Scale Mining Operations from the sale of minerals 30

Handwritten notes and a large arrow pointing to the right.

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produced from the Mines Development Area after deduction of all ex-mine expenses, losses and outgoings incurred by Laverton or Nickel Mines as the case may be including, but not limited to, refining, smelting, freight, reasonable selling expenses, commissions, metal deductions and transit losses;

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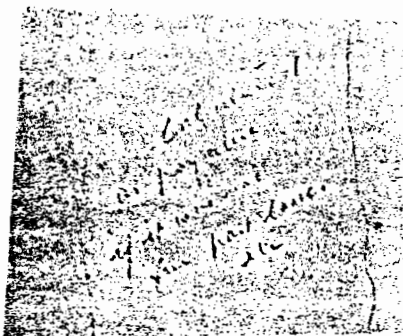
O is the contribution to Joint Venture expenditures by Laverton or Nickel Mines as the case may be in the relevant quarter;

T is the amount of corporate income tax Liability of paid by Laverton or Nickel Mines as the case may be in the relevant quarter which is attributable solely to taxable income derived as a result of Joint Venture activities in the Mine Development Area;

20

K is an indicator which identifies each Quarter after the Date of Commencement of Commercial Scale Mining Operations in the Mine Development Area; Quarter one is the first quarter after the Date of Commencement of Commercial Scale Mining Operations in the Mine Development Area; and Quarter K is the Kth Quarter after such commencement. If the Date of Commencement of Commercial Scale Mining Operations in the Mine Development

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Area does not coincide with the end of a Quarter, then such commercial scale mining operations shall be deemed to have commenced at the end of the Quarter finishing immediately prior to that in which such commercial scale mining operations commenced.

10

7.3.3 Equalisation Date is the date on which the symbol L in the following formula first equals zero:-

$$L = \sum_{K=1}^X 0.8F_K (1.045)^{X-K+1} - \sum_{B=1}^Y 0.15C_B (1.045)^{Y-B+1}$$

where:-

X is the number of quarters in the period between the Date of Commencement of Commercial Scale Mining Operations in the Mine Development Area and the Quarter in which the calculation of L is being carried out;

20

K is an indicator which identifies each Quarter after the Date of Commencement of Commercial Scale Mining Operations in the Mine Development Area; Quarter one is the first Quarter after the Date of Commencement of Commercial Scale Mining Operations in the Mine Development Area; and Quarter K is the Kth Quarter after such commencement. If the Date of Commencement of Commercial Scale Mining Operations in the Mine Development Area

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does not coincide with the end of a Quarter, then such commercial scale mining operations shall be deemed to have commenced at the end of the Quarter finishing immediately prior to that in which such commercial scale mining operations commenced; 10

<sup>F</sup><sub>K</sub> is Net Cash Flow of Laverton or Nickel Mines as the case may be in the Kth Quarter as calculated hereof pursuant to Clause 7.3.2;

Y is the number of Quarters in the period between the issue of a notice by the Manager either pursuant to Clause 6.1.1 hereof in the event that elections are made by Laverton and/or Nickel Mines pursuant to Clauses 6.1.2 and 6.1.3 or pursuant to Clause 7.2.1 in the event that an election is made by Laverton and/or Nickel Mines pursuant to Clause 6.1.3 only (hereinafter referred to as "the relevant notice") and the Quarter in which the calculation of L is being carried out. If the issue of the relevant notice does not coincide with the end of a Quarter, then the relevant notice shall be deemed to have been given at the end of the Quarter finishing immediately prior to the Quarter in which that relevant notice was issued; 20 30



- B is an indicator which identifies each particular Quarter in the period between the issue of the relevant notice and the Date of Commencement of Commercial Scale Mining Operations in the Mine Development Area. Quarter one is the first Quarter after the issue of such notice and Quarter B is the Bth Quarter after the issue of such relevant notice. If the issue of the relevant notice hereof does not coincide with the end of a Quarter, then the relevant notice shall be deemed to have been given at the end of a Quarter finishing immediately prior to the Quarter in which that relevant notice was issued; 10
- C<sub>B</sub> is the total amount of contributions to Approved Programmes by the contributing parties in the Bth Quarter. 20

7.4 Independent Disposal of Production

- 7.4.1 Each Participating Party in a Development shall take its own share in proportion to its Interest in the Joint Venture of any produced product minerals produced in kind and independently sell or dispose of or direct the sale or disposal of the same.
- 7.4.2 If any Participating Party hereto shall fail, after thirty (30) days notice from the Manager to make the necessary arrangements to take in 30

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kind or separately dispose of its prop-  
ortionate share of available minerals, the  
Manager shall have the option but not the  
obligations to purchase such share or sell  
the same to others at not less than the  
then reasonable market value for the bene-  
fit of the Participating Party failing to  
take in kind; provided that the authority  
delegated to the Manager to sell such other  
Party's share shall be only for such reason-  
able period of time as is consistent with  
the minimum needs of the mining industry  
under the circumstances, but in no event  
shall such authority be for a period in  
excess of one (1) year. The Manager shall  
have the right after such thirty (30) days  
notice, to arrange for the storage of such  
minerals pursuant to Clause 7.4.3 and charge  
the cost thereof to the Party owning the  
minerals. 10 20

7.4.3 The Manager shall if requested by a Party  
or in exercise of its rights under Clause  
7.4.2, store in a suitable location the min-  
erals owned by the other Party. All of  
the costs involved in arranging and effect-  
ing such storage shall be to the account of  
the Party owning the minerals. Once stored,  
the Manager shall have no further respons-  
ibility with respect to such minerals  
except to provide assistance in the ship-  
ment thereof from their place of storage  
when requested to do so by the Party owning  
the minerals. The Manager's 30

charges for such assistance shall be to the account of the Party owning the minerals and the Manager shall have a lien upon the stored minerals to secure the payment of all storage and shipment costs.

7.5 Start-up Deficiencies

7.5.1 In the event that Laverton and/or Nickel Mines 10  
issue notices pursuant to Clauses 6.1.2 and/  
or 6.1.3 hereof and the aggregate amount of  
their respective Net Cash Flows as computed  
in accordance with the formula provided in  
Clause 7.2.3 hereof for the first two  
Quarters after the Date of Commencement of  
Commercial Scale Mining Operations in the  
Mine Development Area is a negative sum,  
then Laverton and/or Nickel Mines as the  
case may be shall advise Newmont, ICI and 20  
HCS in writing of the amount of that  
negative sum. Coincidental with Laverton  
and/or Nickel Mines' written advice here-  
under they will provide Newmont, ICI and  
HCS with detailed particulars of the comp-  
utation of Net Cash Flow for the two Quar-  
ters involved plus copies of any relevant  
documents relating to components thereof  
sufficient to enable Newmont, ICI and HCS  
to verify the amount of the negative sum. 30

7.5.2 No later than thirty (30) days after the  
date of any notice issued under Clause  
7.5.1 hereof, Newmont, ICI and HCS shall,  
in the proportions that their respective  
interests at the time

*Change to be  
made  
in line*

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bear to each other, pay to Laverton or  
Nickel Mines as the case may be the smaller

- 7.5.2.1 the amount specified in the notice issued pursuant to Clause 7.5.1 hereof; or
- 7.5.2.2 such other amount as Newmont, ICI 10  
and HCS deem at their sole discretion based upon the particulars and documents supplied by Laverton and/or Nickel Mines and any other relevant particulars and documents available to Newmont, ICI and HCS as they consider to represent the actual deficiency in Net Cash Flow in the aforesaid two Quarters. 20
- 7.5.3 Any payment made by Newmont, ICI and HCS pursuant to Clause 7.5.2 hereof shall be deemed for the purposes of the calculation of the variation date pursuant to Clause 7.3.3 hereof as being a contribution to the Joint Venture made in the quarter immediately preceding the date of commencement of commercial scale mining operations in the Mine Development Area.
- 7.5.4 In the event that payments are made by 30  
Newmont, ICI and HCS pursuant to Clause 7.5.2 hereof, the Manager shall have the authority to take and sell any of Laverton or Nickel Mines'

share of output of any minerals produced from the Mine Development Area in the two Quarters concerned which were not sold or subject to contracts of sale by Laverton and/or Nickel Mines. The proceeds from the sale of any such minerals shall be payable to Newmont, ICI and HCS in the proportions that their respective interests at the time bear to each other.

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8. DESIGNATED AREA AND MINING TITLES, ETC.

8.1 Offer of a New Interest

8.1.1 In the event that any Party proposes to take up or acquire or is offered any mineral tenements or any interest, direct or indirect, whether under any joint venture arrangements or otherwise howsoever, in any mineral tenements either wholly or in part within the Designated Area (hereinafter called the New Interest) such Party shall bring to the attention of and to offer in writing to the other Parties, subject to the required government consents, to join in the exploration, prospecting and development of such New Interest for the purposes of the Joint Venture. The Party making the offer shall use its best endeavours to obtain any necessary consents and the other Parties will within fourteen (14) days from the date of such written offer notify the offeror Party whether they wish to have such mineral tenements or interests and

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*102*  
*Chairman of the Board*  
*and the President*  
*of the Company*  
*propose*

all related property and activities so offered included in the Joint Venture.

8.1.2 In the event that any of such other Parties wish to have such New Interest included in the Joint Venture, the offeror Party shall take up or acquire the same on behalf of and for the benefit of itself and the Parties accepting the offer. The offeror and the other Parties will take immediate steps to draw up an Agreement specifying the terms and conditions under which they will participate in the exploration evaluation and exploitation of the New Interest such terms and conditions unless otherwise unanimously agreed upon are to be in accordance with the relevant terms and conditions hereunder. The Interests of the Parties accepting the offer in the New Interest shall be in the proportions that the Parties respective Interests hereunder at the time of acceptance bear to each other.

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8.1.3 In the event that all other Parties do not wish to have such New Interest included in the Joint Venture then the offeror Party shall be free to proceed with the taking up or acquisition and the exploration and development and exploitation of the same independently of the Joint Venture.

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## 8.2 Preservation of Mining Titles

8.2.1 The Manager shall maintain the Mining Titles

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on behalf of the Parties and for such purpose the Manager on behalf of the Joint Venture shall be authorised and obliged to ensure that all rentals, rates, taxes, survey fees, royalties and dues associated with the Mining Titles are duly paid and that all work, labour, reporting and other conditions prescribed in relation to the Mining Titles are duly complied with and fulfilled. 10

8.2.2 For the purposes of 8.2.1 the Parties hereby irrevocably appoint the Manager to act for them in their names as the Manager for the time being deems fit for the purposes of doing all such matters acts and things and to execute all such documents as may be necessary or desirable to be done or executed by the Parties for the purpose of maintaining the Mining Titles in good standing and without limitation to the generality of the foregoing powers to pay all rents on behalf of the Parties in whose name or names the Mining Titles are held and to lodge and administer all applications for exemptions from labour conditions. 20

8.2.3 The Manager shall ensure that the rights and benefits conferred by the Mining Titles in its name or under its control are maintained for the benefit of the Parties in accordance with their respective Interests and in particular shall ensure that such Mining Titles are renewed (or

substitution therefor) on their expiration.

8.2.4 No Party will do or omit to do any act or thing which might lead to any Mining Titles acquired or applied for being revoked or otherwise prejudiced.

8.3 Dealings with Mining Titles

Each of the Parties will hold the Mining Titles upon trust for the Parties entitled thereto pursuant to this Agreement and will transfer or deal with the same in such manner as may be required or permitted pursuant to this Agreement and not otherwise.

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8.4 Partition

Unless otherwise agreed unanimously by the Parties hereto, no Party shall seek partition of any property or other interest licence or tenement whatsoever in which such Party has an interest in common with any other Party under this Agreement.

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9. WITHDRAWAL AND DEFAULT

9.1 Withdrawal

9.1.1 Any Party whose Representative has not approved a programme and budget may at any time after the programme and budget has been submitted pursuant to Clause 5.1.2 hereof but not later than seven (7) days after the same has been approved by the Representatives pursuant to Clause 5.1.3 hereof by notice in writing to the others elect to make no further contributions to Joint Venture programmes and budgets.

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Any notice given pursuant to this Clause shall be irrevocable.

- 9.1.2 In the event that Newmont, ICI or HCS gives a notice pursuant to Clause 9.1.1 hereof prior to the date on which aggregate contributions to the Joint Venture equal one million seven hundred and fifty thousand dollars (\$1,750,000):- 10
- 9.1.2.1 the interest of the Party giving such notice shall be forfeit and that Party shall take immediate steps to transfer convey or assign any Interest then held in any of the Mining Titles and other property of the Joint Venture to the other of the aforesaid three Parties in the proportions that those Parties' Contributing Interests bear to each other at that time. 20
- 9.1.2.2 Save and except for the provisions of Clause 9.1.3 hereof all costs incurred pursuant to this Agreement shall thereafter as from the commencement of the programme and budget period first referred to in Clause 9.1.2 hereof be borne by the other Parties but the Party giving such notice shall remain liable for its proportion of the cost of any uncompleted programme and budget in progress at the time of the giving of such notice. 30

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9.1.3 In the event that Newmont, ICI and HCS all withdraw from the Joint Venture prior to having contributed two hundred and thirty thousand dollars (\$230,000) to Approved Programmes, they will pay, no later than thirty (30) days after the date of the notice of withdrawal of the last of the aforesaid three Parties, an amount equal to half of the difference between two hundred and thirty thousand dollars (\$230,000) and the aggregate contributions to Approved Programmes of the Joint Venture to each of Laverton and Nickel Mines. Newmont, ICI and HCS shall be liable for such payments in the proportions that their respective interests hereunder bear to each other.

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9.1.4 Where a Party has given a notice pursuant to Clause 9.1.1 hereof after the date on which aggregate contributions to the Joint Venture equal one million seven hundred and fifty thousand dollars (\$1,0750,000):-

9.1.4.1 the Interest of the Party giving such notice shall be forfeit and that Party shall take immediate steps to transfer convey or assign any Interest then held in any of the Mining Titles and other property of the Joint Venture to the other Contributing Parties in the proportions that such other Contributing Parties' Interests bear to each other at that time.

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- 48 -

9.1.4.2 all costs incurred pursuant to this Agreement shall thereafter as from the commencement of the programme and budget period first referred to in Clause 9.1.1 hereof be borne by the other Contributing Parties but the Party giving such notice shall remain liable for its proportion of the cost of any uncompleted programme and budget in progress at the time of the giving of such notice. 10

9.1.4.3 if Laverton and/or Nickel Mines have made elections pursuant to Clause 6.1.3 they will be deemed not to be Contributing Parties for the purposes of Clause 9.1.4 until the Equalisation Date. 20

9.2 Default

7.3 ? being  
carried

9.2.1 In the event of any Party (hereinafter called "the defaulting party") committing a breach of any of the provisions of Clauses 5.2.1, <sup>7.3 and 7.5 and</sup> 8.1, 8.2, 8.3 and/or 10.1, and failing to remedy such breach or pay adequate compensation therefor to the other Parties within sixty (60) days after the Manager or the other Party shall have given to the defaulting party a written notice specifying such breach and requiring such remedy or payment, then provided that such breach shall not have been or then 30

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be waived pursuant to the provisions of  
Clause 11.4, all of the rights and Interests  
of the defaulting party in the Joint Venture  
shall thereupon be forfeited and transferred  
to the other Parties in the proportions that  
their respective Contributing Interests  
bear to each other at the date of forfeiture 10  
and the defaulting party shall cease to have  
any rights in relation to the Joint Venture.  
The defaulting party shall sign and execute  
all such deeds and company which is a Related  
Company of the assignor, such Related Company  
shall first have covenanted with the other  
Parties (hereinafter referred to as "the  
remaining parties") that it will reassign  
such Interest to the documents and do such  
things as may be reasonably required by the 20  
other Parties hereto to give effect to this  
Clause, provided however that, the foregoing  
provisions of this Clause 9.2 shall be with-  
out prejudice to any then existing and out-  
standing rights and obligations of such  
defaulting party arising prior to such for-  
feiture and to any liabilities and obliga-  
tions of the defaulting party in relation to  
any contribution due but unpaid at the date  
of forfeiture. 30

9.2.2 Failure by Newmont, ICI and HCS to contribute  
and expend or to be entitled to credit for  
the amounts specified in Clause 5.2.3 hereof  
or to make payments to each of Laverton and  
Nickel Mines of the amounts specified in  
Clause 5.4

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hereof as and when due shall be deemed to be a default under this Agreement and, subject to the sole discretion of Laverton and Nickel Mines, shall render the interests of Newmont, ICI and HCS/<sup>more in default shall be</sup> liable to forfeiture<sup>ed</sup> without notice.

10. ASSIGNMENTS

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10.1 Any Party (hereinafter called "the assignor") may assign the whole of its Interest under this Agreement (or with the unanimous consent of the Parties any part thereof) to any person firm or company (hereinafter called "the assignee"), provided that no such assignment shall be made or have any effect unless:-

10.1.1<sup>1</sup> If it is an assignment by an assignor to a company which is a Related Company of the assignor, such Related Company shall first have covenanted with the other Parties (hereinafter referred to as "the remaining parties") that it will reassign such Interest to the original assignor upon its ceasing to be a Related Company thereof; or

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10.1.2<sup>1</sup> Full written details including copies of all proposed documentation and full identification of all third party assignees have been furnished to the remaining parties; and

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10.1.3<sup>2</sup> The written consent of the remaining parties shall have been given; or

10.1.4<sup>2</sup> The consideration for the assignment is expressed in cash terms and the assignor shall first

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offer to assign such Interest to all the remaining parties upon the same terms and conditions as it proposed to assign the same to such other person, firm or company and such offer has not been accepted by the remaining parties within forty-five (45) days after the making of the offer provided that if more than one (1) of the remaining parties gives notice of acceptance hereunder such remaining parties as give notice of acceptance will be deemed to have become bound to such assignment in the proportions that their respective Interests bear to each other at that time unless such remaining parties otherwise agree for the consideration and upon the terms mutatis mutandis contained in the documentation accompanying the notice given by the remaining parties pursuant to Clause 10.1.2 hereof. 10 20

10.2 No assignment shall have any effect until any necessary Government approval thereto has been obtained.

10.3 Where an assignment is made to a person, firm or company who or which is not a party to this Agreement, such assignment shall have no force or effect whatsoever until such time as the assignee has entered into a covenant with the remaining parties binding the assignee to all the terms and conditions hereof so far as the same are applicable and in such form and containing such terms and conditions as the remaining parties may reasonably require. 30

10.4 In the event of the assignment by any Party of the whole or any part of its Interest in the Joint Venture to any other person, firm or corporation, the assignor and the assignee shall forthwith advise the other Parties hereto in writing of the percentage Interest in the Joint Venture so assigned.

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10.5 Mortgaging of Interests

A Party shall not encumber or suffer any encumbrance to exist over its Interest in the Mining Titles and/or other Joint Venture property unless it shall first have obtained from the person in whose favour any encumbrance is proposed to be created a covenant in writing in favour of the other Parties that such person (in the event of his entering into possession or exercising a power of sale under the terms of the encumbrance) shall not exercise any power of sale or other right power or remedy over or in respect of any of the said Mining Titles or other assets other than in accordance with the terms of this Agreement. Floating charges entered into pursuant to normal banking arrangements or pursuant to normal company borrowings entered into in the established course of business shall be excluded from the operation of this Clause.

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11. MISCELLANEOUS

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11.1 Caveats

If and whenever requested by any of the Parties so to do at any time or times and from time to time, the other Parties will consent to the registration of any caveats in favour of such Party or all of the Parties

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on or over the Mining Titles as may be reasonably required to protect the rights and Interests of such Party or all of the Parties under this Agreement.

11.2 Relationship of Parties

11.2.1 The relationship between the Parties shall be limited to the performance of the objects provided for in this Agreement shall be construed as and shall constitute a joint venture only for carrying out such objects and nothing contained in this Agreement shall be treated as creating a new entity or as constituting any Party a general agent or representative of the other Parties. No Party shall have the right to pledge the credit of the other Parties. The rights and obligations of the Parties pursuant to this Agreement shall be several and neither joint nor joint and several. 10 20

11.2.2 The rights and interests and liabilities and obligations of the Parties respectively under and pursuant to this Agreement shall be individual and separate and shall not be joint or collective and each such Party shall be responsible only for its own obligations and shall be liable only for its own proportionate share of any expenditure, and shall be entitled only to its own proportionate share of any property and assets of the Joint Venture. It is not the intention of the Parties to create any partnership, and this Agreement shall not be 30



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construed so as to render the Parties or any of them liable as partners or as a partnership.

- 11.2.3 Newmont elects to have the operations of the Joint Venture excluded from the application of sub-chapter K of chapter 1 of sub-title A of the United States Internal Revenue Code of 1954 and the corresponding provisions of any subsequent Internal Revenue laws of the United States of America and such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate insofar as the said sub-chapter K or any portion or portions thereof may be applicable to the operations of the Joint Venture and hereby binds itself to do any and all things as may be reasonably required of it from time to time by Newmont and as may be reasonably within its power to do and as may be necessary or proper from time to time in order to effectuate such election under authority of Section 761 (a) of the said United States Internal Revenue Code of 1954 and the corresponding provisions of any subsequent Internal Revenue laws of the United States of America. Each of the Parties hereby also makes a comparable election and binds itself (in the same manner as aforesaid) to do any and all things necessary to effectuate such election under any applicable taxing statute of any State of the United States of America.

11.3 Confidentiality and Release of Information

It is the intention of the Parties that public announcements and statements relating to the Joint Venture shall be made jointly wherever possible or otherwise only with the approval of the Representatives, which approval shall not be unreasonably withheld. Any Party required to make or desirous of making any such public announcement or statement shall confer with the Representatives as to the form and content of the proposed announcement or statement. Unless otherwise agreed by the Parties, all information obtained in relation to the Joint Venture shall be kept confidential and shall not be disclosed by any of the Parties otherwise than to each other, except:- 10

11.3.1 as may be required by law;

11.3.2 as may be required to enable any Party to issue a prospectus; 20

11.3.3 in order to comply with the requirements of any stock exchange on which the shares of any of the Parties or any related corporations of any of the Parties may be listed; or

11.3.4 to any permitted assignee or any bona fide proposed assignee.

No such information shall be disclosed unless the Party proposing to disclose the same shall first have consulted the other Parties as to the form and contents of any such disclosure and received their approval which shall not be unreasonably withheld or delayed. 30

11.4 Waiver of Breaches

In the event that any of the Parties shall be in breach of any provision contained in this Agreement, the other Parties may, if requested and/or in their own discretion, waive such breach, either subject to any terms and conditions or without imposing any terms and conditions or without imposing any terms and conditions, such waiver and such terms and conditions, if any, to be effected by notice in writing from such other Parties to the Party in default, and in such event, subject to compliance with the relevant terms and conditions, if any, the Party in default will thereupon be relieved of all liabilities and sanctions otherwise arising from such breach, but without prejudice however to the rights of the other Parties to take action at any time in respect of any further or other breach of any provision contained in this Agreement which is not so waived. 10 20

11.5 Force Majeure

11.5.1 If any Party is for the time being rendered unable wholly or in part by force majeure to carry out its obligations under this Agreement, that Party shall give to the other Parties prompt written notice of the Force Majeure with reasonably full particulars concerning it whereupon this Agreement shall nevertheless continue and remain in full force and effect but the obligations of the Party giving the notice, so far as they are affected by the Force Majeure, shall be suspended provided that the Party giving such notice shall use 30

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all possible diligence to remove the Force Majeure as quickly as possible.

11.5.2 The requirement that any Force Majeure shall be removed with all possible diligence shall not require the settlement of strikes, lockouts or other labour difficulties by the Party involved on terms contrary to its wishes, and the manner in which all such strikes, lockouts or other labour difficulties shall be handled shall be entirely within the bona fide discretion of the Party concerned. 10

11.6 Currency

All references to currency in this Agreement shall be read as references to Australian currency.

11.7 Notices, and Other Documents

Any notice, request, report, statement, budget, programme or other document required to be given or furnished under this Agreement shall be in writing and shall be delivered personally or sent prepaid mail from within Australia to the Party to which it is addressed at the address of that Party mentioned in this Agreement or at such other address as such Party may previously have notified to all the other Parties, and if sent by prepaid mail, which shall be by airmail wherever applicable, shall be deemed to have been received at the expiration of seven (7) days calculated from the day of posting. Any notice period shall be deemed to expire at midnight on the relevant day of expiration unless otherwise specifically provided. 20 30

11.8 Governing Law and Jurisdiction

This Agreement shall be construed and take effect in accordance with the relevant law for the time being applicable in the State of Queensland and all Parties hereby submit themselves to the jurisdiction of the relevant courts of that State.

11.9 Duration of Agreement and Joint Venture

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Unless sooner terminated by mutual agreement between the Parties or pursuant to any specific provisions contained in this Agreement, this Agreement and the Joint Venture shall continue until the expiry of the last of the Mining Titles.

11.10 Prior Agreements

This Agreement supersedes and replaces all agreements of any kind, written or oral, between the Parties with respect to the Designated Area.

11.11 Enabling Provision

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The Parties hereto mutually agree that on request by any Party, the other Parties shall execute and provide to the requesting Party any notice, contract deed or other instrument relating to this Agreement as the requesting Party deems necessary to preserve or protect its Interest hereunder or to effectuate the provisions hereof.

11.12 Warranties by Laverton and Nickel Mines

Laverton and Nickel Mines hereby warrant that at the date hereof:-

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11.12.1 they are the registered holders and/or  
beneficial

owners of the Mining Titles specified on  
the Second Schedule hereto;

11.12.2 the Mining Titles are to the best of their  
knowledge in good standing and that there  
are no facts of circumstances which would  
render the Mining Titles liable for for-  
feiture;

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11.12.3 the Mining Titles are free from all enc-  
umbrances, loans and charges of any des-  
cription.

IN WITNESS whereof the parties hereto have executed this Agree-  
ment the day and year first hereinbefore mentioned.

THE CORPORATE SEAL of NEWMONT )  
PROPRIETARY LIMITED )  
was hereunto affixed by )  
authority of the Board of )  
Directors given on January )  
24, 1967. )

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.....

THE COMMON SEAL of ICI )  
AUSTRALIA LIMITED )  
was hereunto affixed by the )  
authority of the Director )  
whose signature appears )  
hereunder. )

.....  
Director

.....  
Assistant Secretary

THE COMMON SEAL of H.C. SLEIGH)  
RESOURCES LIMITED )  
was hereunto affixed by )  
Authority of the Directors )  
in the presence of: )

.....  
Director

.....  
Secretary

.....  
Director

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THE COMMON SEAL of LAVERTON )  
NICKEL N.L. (Provisional )  
Liquidator Appointed) )  
was hereunto affixed by )  
the Provisional Liquidator )  
in the presence of: )

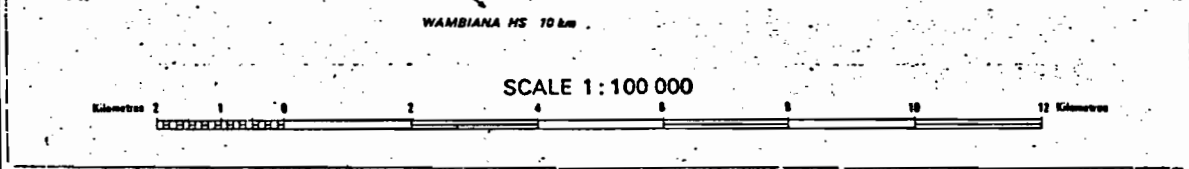
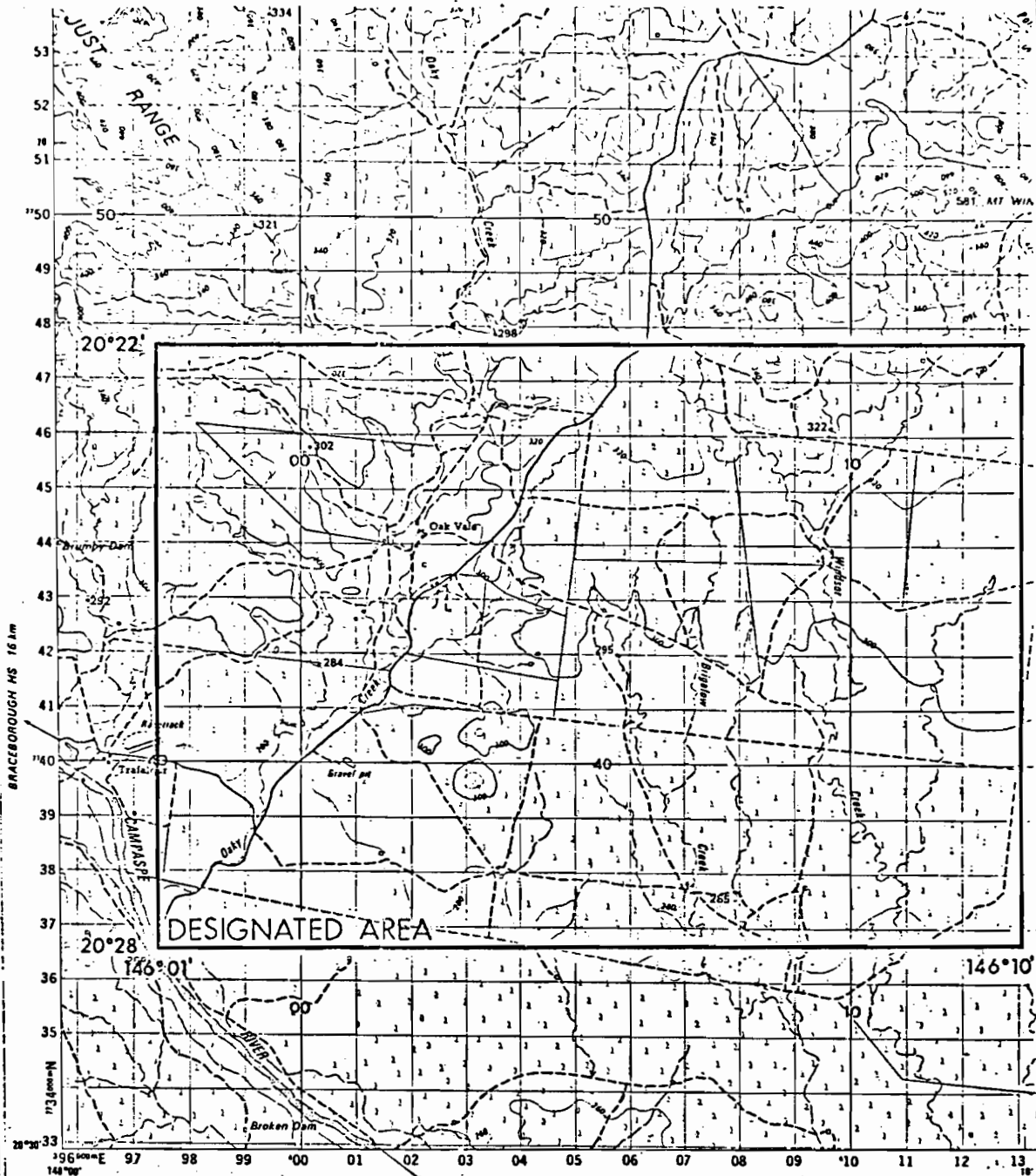
.....

THE COMMON SEAL of NICKEL )  
MINES LIMITED (Provisional )  
Liquidator Appointed) )  
was hereunto affixed by )  
the Provisional Liquidator )  
in the presence of: )

.....

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First Schedule



<b>NEWMONT PROPRIETARY LIMITED</b>	
COMPILED J Quinn	SCALE 1:100 000
DRAWN D Brome	DRAWING No.
NORTH	DATE October 1978
	FIGURE No

LIONTOWN JOINT VENTURE  
**DESIGNATED AREA**



SECOND SCHEDULE

LIONTOWN JOINT VENTURE

MINING TITLES

CHARTERS TOWERS MINING DISTRICT, QUEENSLAND

MINING LEASE NOS.	233
	317
	320 - 345 inc.

THIRD SCHEDULE

THIS AGREEMENT is made the                      day of  
one thousand nine hundred and seventy-eight BETWEEN WILLIAM  
JAMES HAMILTON, Provisional Liquidator of Laverton Nickel N.L.  
(hereinafter called "Hamilton") of the first part, LAURENCE  
BRIAN HUNTER, Provisional Liquidator of Nickel Mines Limited  
(hereinafter called "Hunter") of the second part, NEWMONT  
PROPRIETARY LIMITED of 535 Bourke Street, Melbourne (herein- 10  
after called "Newmont") of the third part, ICI AUSTRALIA  
LIMITED of 1 Nicholson Street, Melbourne (hereinafter called  
"ICI") of the fourth part and H.C. SLEIGH RESOURCES LIMITED of  
160 Queen Street, Melbourne (hereinafter called "HCS") of the  
fifth part.

WHEREAS:-

- A. The Parties of the first and second part had been appoin-  
ted Provisional Liquidators of Laverton Nickel N.L. (here-  
inafter called "Laverton") and Nickel Mines Limited (here-  
inafter called "Nickel Mines") respectively pursuant to 20  
petitions for the winding up of Laverton and Nickel Mines.
- B. The Parties of the third, fourth and fifth part have  
entered into an Agreement (hereinafter referred to as  
"the Joint Venture Agreement") dated the                      day of  
1978 with Laverton and Nickel Mines under  
the terms of which the Parties of the third, fourth and  
fifth part acquire an interest in and make certain under-  
takings in relation to certain assets of Laverton and  
Nickel Mines.

- 2 -

- C. The aforesaid Joint Venture Agreement is conditional upon the Agreement of the parties of the first and second part to the terms herein contained.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. Hamilton and Hunter hereby agree that they will not exercise or attempt to exercise any power of sale or other right they may have/in their capacities as Provisional Liquidators of Laverton and Nickel Mines which may in any way prevent or inhibit Laverton and Nickel Mines from fulfilling their obligations under the Joint Venture Agreement or prevent or jeopardise any of the rights accruing to Newmont, ICI or HCS under the Joint Venture Agreement or jeopardise any mining titles in the Designated Area as defined under the Joint Venture Agreement. 10
  
2. Hamilton hereby agrees that in the event he exercises or proposes to exercise the right of sale/<sup>if any</sup>of the shareholding of James Joseph Lynch in Nickel Mines pursuant to the terms of the Deed dated the Twentieth day of September 1978 between Hamilton, Nickel Mines and James Joseph Lynch that any such sale shall be for a cash consideration only and, save and except with respect to a sale of the aforesaid shareholding to Laverton, Hamilton undertakes to provide Newmont, ICI and HCS with full written details and copies of all proposed documentation and full identification of all third party purchasers of the aforesaid shareholding and shall offer the shareholding to Newmont, ICI and HCS upon the same terms and conditions as he proposed to sell the same to such third party purchaser. 20 30

Such offer shall remain open for forty-five (45) days and if accepted by one or more of Newmont, ICI and HCS, Hamilton shall sell the aforesaid shareholding to the Parties accepting the offer in the proportions that their respective interests under the Joint Venture Agreement bear to each other at the time upon the terms mutatis mutandis contained in the documentation provided by Hamilton pursuant to this Clause.

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- 3. It is the intention that the undertakings herein contained shall be binding upon the Parties thereto and on their successors and/or assigns.

IN WITNESS whereof the Parties hereto have hereunto affixed their hands and seals on the day and year first hereinbefore written.

SIGNED SEALED AND DELIVERED )  
by the said WILLIAM JAMES )  
HAMILTON in the presence of: )

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.....

SIGNED SEALED AND DELIVERED )  
by the said LAURENCE BRIAN )  
HUNTER in the presence of: )

.....

- 4 -

THE CORPORATE SEAL of NEWMONT )  
PROPRIETARY LIMITED )  
 was hereunto affixed by )  
 authority of the Board of )  
 Directors given on January )  
 24, 1967. ) .....

THE COMMON SEAL of ICI ) 10  
AUSTRALIA LIMITED )  
 was hereunto affixed by the )  
 authority of the Director )  
 whose signature appears )  
 hereunder. ) .....  
 Director

.....  
Assistant Secretary

THE COMMON SEAL of H.C. SLEIGH )  
RESOURCES LIMITED )  
 was hereunto affixed by ) 20  
 Authority of the Directors )  
 in the presence of: ) .....  
 Director

.....  
 Secretary .....  
 DirectorDirector

FOURTH SCHEDULE  
EXPENDITURES

1. Salaries, wages and all other benefits paid to or for the benefit of employees of the Manager employed in the Joint Venture programme (hereinafter called "the Work") plus all taxes, superannuation and insurance contributions relating to the employment of such employees. Where an employee's work time is not wholly related to the Work, salary or wages will be allocated each month in proportion to the time engaged on the Work. 10
2. The cost of food, messing and accommodation for field and camp operations including camp establishment, additions and improvements, required for or in connection with the Work.
3. The costs including sums paid to contractors of:-
  - (i) Trenching;
  - (ii) Field surveying;
  - (iii) Geophysics; 20
  - (iv) Aerial mapping and photography;
  - (v) Chartered aircraft;
  - (vi) Drilling -diamond, percussion and auger;
  - (vii) Laboratory assaying (core);
  - (viii) Laboratory geochemical (samples);
  - (ix) Metallurgical testing;
  - (x) Field mapping and investigations;
  - (xi) Engineering and design;
  - (xii) Construction of mine, mill and associated facilities;and any other like operations carried out in the course of 30  
or in connection with the Work or material removed from  
the Designated Area.

- 2 -

4. The costs of payments made to contractors for or in connection with mining work undertaken as part of an evaluation programme to determine the extent and characteristics of one or more ore bodies.
5. The net cost of establishing and maintaining temporary field offices and an on-site office as may be required for the Work including office supplies, telephone and telegraph charges and other office operating costs, and construction, maintenance and operation of store houses, machine shops and other temporary facilities. 10
6. The cost of all expendable materials and stores, light, power, water, tools and the like.
7. The cost of all equipment, supplies, plant and machinery hired, leased or procured for the Work.
8. Freight paid for in connection with the Work.
9. Travelling expenses of employees and contract personnel when travelling necessarily in connection with the Work. 20  
When travelling expenses also relate to other activities carried out, such expenses will with respect to journeys necessary in connection with or common to both the Work and other activities be apportioned in proportion to the time spent on the Work and the other activities and otherwise shall be attributed to the Work or the other activities as the case may be.
10. The cost of transportation of personnel and effects to and from points of residence and the site including expenses en route and all operating expenditure incurred on hired vehicles. 30
11. Handling charges of equipment including loading and unloading costs.

12. All assaying and metallurgical costs incurred with the Work.
13. Excise, customs, other taxes duties and agency fees payable on goods purchased for the Work.
14. First aid and safety expenses incurred in connection with the Work.
15. Subject to insurance policy of the Manager, the cost of all premiums paid for all necessary insurance coverage in relation to the Work. 10
16. Legal, audit and consulting fees expended solely and exclusively in connection with the Work.
17. Depreciation and rates subject to the normal accounting practice of the Manager on:-
  - (i) Buildings;
  - (ii) Vehicles;
  - (iii) Camp accommodation and equipment;
  - (iv) Furniture and fittings;
  - (v) Drilling equipment; 20
  - (vi) Geophysical equipment;
  - (vii) Laboratory equipment;
  - (viii) Sundry equipment;
  - (ix) Other chattels used in connection with the Work.
18. A reasonable figure to cover administrative overheads incurred, which figures shall be apportioned from the total administrative overheads incurred by the Manager in running its Head Office in Australia taking into account the number and size of projects currently being supervised by such Head Office/ 30

*and is estimated a reasonable figure to be apportioned to the project based on the cost of capital employed by the company in the project.*

*Some of the items are the charges on the location program. The cost of capital employed by the company in the project is also a factor to be taken into account.*



Warden's Office

CHARTERS TOWERS

-4 FEB 1975 19

Memo.

To

Liontown

I am directed to inform you that if the rent for 1975

with 5% penalty, in respect to { Gold Mining } Lease No. 602 be not paid  
{ Mineral }  
{ Dredging }

on or before the 31st March, 1975, the holding will be forfeited.

Rent	\$	600.00
Penalty	\$	3.20
Total	\$	672.00

*[Signature]*  
Warden.

Govt. Printer, Brisbane. (X)  
M. 306.

Warden's Office ..... CHARTERS TOWERS .....

..... -4 FEB 1975

Memo.

To .....

I am directed to inform you that if the rent for ..... 1975 .....

with 5% penalty, in respect to { ~~Gold Mining~~  
Mineral } Lease No. 603 be not paid  
Dredging

on or before the 31st March, ..... 1975 ....., the holding will be forfeited.

Rent	\$	640-00
Penalty	\$	32-00
Total	\$	<u>672-00</u>

.....  
Warden.

Govt. Printer, Brisbane.(%)  
M. 306.

Warden's Office

CHARTERS TOWERS

-4 FEB 1975 19

Memo.

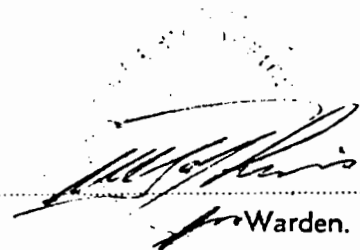
To

I am directed to inform you that if the rent for 1975

with 5% penalty, in respect to { Gold Mining } Lease No. 604 be not paid  
{ Mineral }  
{ Dredging }

on or before the 31st March, 1975, the holding will be forfeited.

Rent	\$	640-00
Penalty	\$	32-00
Total	\$	672-00



Warden.

Govt. Printer, Brisbane.(9)  
M. 306.

Warden's Office ..... CHARTERS TOWERS .....

-4 FEB 1975 19 .....

Memo.

To .....

I am directed to inform you that if the rent for ..... 1975 .....

with 5% penalty, in respect to { Gold Mining } Lease No. 605 be not paid  
  { Mineral  
  { Dredging

on or before the 31st March, 1975 ....., the holding will be forfeited.

Rent	\$	660-00
Penalty	\$	32-00
Total	\$	<u>672-00</u>

.....  
Warden.

Govt. Printer, Brisbane. (91)  
M. 306.

**Warden's Office**

CHARTERS TOWERS

-4 FEB 1975

**Memo.**

To

I am directed to inform you that if the rent for 1975

with 5% penalty, in respect to  $\left. \begin{array}{l} \text{Gold Mining} \\ \text{Mineral} \\ \text{Dredging} \end{array} \right\}$  Lease No. 606 be not paid

on or before the 31st March, 1975, the holding will be forfeited.

Rent	\$	640-00
Penalty	\$	32-00
Total	\$	672-00

Warden.

Govt. Printer, Brisbane.(%)  
M. 306.

Warden's Office ..... CHARTERS TOWERS .....

..... -4 FEB 1975 19 .....

Memo.

To .....

I am directed to inform you that if the rent for ..... 1975 .....

with 5% penalty, in respect to { ~~Gold Mining~~  
Mineral } Lease No. 607 ..... be not paid  
(Dredging)

on or before the 31st March, ..... 1975 ....., the holding will be forfeited.

Rent	\$	600 00
Penalty	\$	3.2 - 00
Total	\$	<u>672 - 00</u>

.....  
  
 Warden.

Govt. Printer, Brisbane.(%)  
M. 306.

(4) 1978 \$4032 PAID BY NICKEL MINES

24A.

NICKEL MINES LEDGER

LEONORA NICKEL NL							
1979				1979			
Dec	B/FORWARD	24	9257 73	Dec 31	B/FORWARD	24	6000 00
JULY	No 2 LEASE CHARGE	J9	200 00				
	LEASE RENTALS						
	CH/TOWERS 602-						
	607 NOT PREVIOUSLY						
	CHARGED	J9	4032 00	-----	(4)		

10

NICKEL MINES LTD. JOURNAL

J9

1979

1979 JUNE 30	CTD				
	LABOUR EXEMPTION FEES	135		1212 00	
	MINING OPERATIONS WAGES	131		3016 00	
	SURVEYING	135		185 00	
	ADVERTISING	97		8 60	
	SUNDRY EXPENSES	135		235 00	
	CLOSING ENTRIES 30.6.79				10
	LIONTOWN LEASES	34a	2.000.000 00		
	MINING LEASES REVALUATION RESERVE	46a		2.000.000 00	
	BEING REVALUATION LEASES LIONTOWN				
1979 JULY 1	INTEREST		1500 00		
	EXPENSES RE C.A.C.		277 00		
	MINERAL NOMINEES	10		1777 00	20
	BEING PAYMENTS MADE BY MINERAL NOMINEES MARCH 1979 NOT TAKEN UP				
	A.N.Z. CHARTERS TOWERS UNDERWRITING & MINING TFR FUNDS TO ANZ NOT TAKEN UP	13	255	255	
	LEONORA NICKEL N.L. MINING LEASES	24a 135	200	200	
	BEING UNDERSTATEMENT OF PAYMENTS MINING LEASES AS J5 SHOWN AS \$3640 SHOULD BE \$3840				30
	LEONORA NICKEL N.L. MINING LEASES	24a 133	4032	4032	
	BEING PAYMENTS ON LEASE RENTALS NO 602-67 NOT CHARGED PREVIOUSLY TO LEONORA AS FOLLOWS:-				
	CHR 468535 MAY 1978	1344			
CHR 108857 NOV 1978				40	
EX PROV.	2688				
LIQUIDATORS A/C					



LEONORA JOURNAL

CTD					
1979					
JUNE 30	RENT OFFICE	45		1730 00	
	SALARIES	46		3300 00	
	SHARE REGISTRY & STOCK	46		3232 12	
	TELEPHONE	47		515 29	
	FILING FEES	42		295 00	10
	STAFF AMENITIES	46		6 50	
	INTEREST RECEIVABLE	42	2842 15		
	PROSPECTING & EXPLORATION RATES	49		21 00	
	REPAIRS	49		899 82	
	RENTALS MINING CLAIMS	50		8051 00	
	SURVEY FEES	51		166 00	
	PROSPECTING	51		500 00	
	CARTAGE & FREIGHT	51		1700 00	
	TELEPHONE & POSTAGE	52		633 19	20
	LABOUR EXEMPT FEES	52		255 00	
	TRAVEL EXP	52		22 16	
	TRANSFER ACCOUNTS 30.6.79				
1979					
JUL 1	MINING LEASES	50	200 00		
	NICKEL MINES LTD. BEING LEASE CHARGES AS JE2 UNDERSTATED	30		200 00	
	MOTOR VEHICLE EXPENSES J.J. LYNCH BEING REG F100 PAID BY J.J. LYNCH		155 32	155 32	30
	MINING LEASES	50	4032		
	NICKEL MINES LTD BEING LEASES ON 602-607 PAID THRU NICKEL MINES BUT NOT PREVIOUSLY TFRD REFER NICKEL MINES JOURNAL FOLIO J9	30		4032	

COPY LEONORA NICKEL N.L. LEDGER

LEONORA NEW LEDGER

50

RENTALS MINING CLAIMS

79	APR	SHIRE CARNARVON	CB2	4312.50	78	DEC	REBATE	ASHBURTON	146.00	
		MUNDONG WELLS		527.00	79					
	JUN	NICKEL MINES	J2	3640.00	MAY	"		MUNDONG		
				<u>8479.50</u>				WELLS	262.50	
79	JULY	ADJ CHARGES 1979	J5	200 00	JUN	P & L			<u>8051.00</u>	10
		CHARGES FOR 1978			(5)	→	1979		<u>8479.50</u>	
		PAID BY NICKEL MINES								
		FOR CHARTERS TOWERS								
		NOT TRANSFERRED	J5	4032 00	(4)	→	1978			

LEONORA

30

(NEW LEDGER)

NICKEL MINES LIMITED

1978			79			
JULY	BALANCE	15888 90	JUNE 30	BY CASH CR1	15888 90	
				SUNDRY PAYMENTS J2	605 05	
79				LABOUR EXP FEE J2	180 00	
JUNE 30	CASH MINING RENTS			MINING LEASES	<u>3640 00</u>	10
	CB3	300 00		RENT OFFICE	1730 00	
	BALANCE C/D	6397 46		5 X 55.05	6155 05	
				RATES ON LEASES J4	542 41	
				6347.46	<del>6697.46</del>	
		<u>6697 46</u>			<u>6697 46</u>	
					(5)	
79			79			
DEC 31	CASH PAYMENT CP5	6000 00	JULY	BALANCE B/D	6397 46	
			79			
			DEC	CASH RECEIPTS CR 4	2560 00	20
				ADMN J6	18 18	
				GEN EXP.	13 00	
				MV EXP	10 00	
				FREIGHT	43 09	
				LABOUR COND	216 00	
			79			
			JULY	ADJ LEASE CHARGES J5	<u>200 00</u>	
				LEASING CHARGES		
				CHARTERS TOWERS	(4)	
				OMITTED FOR 78 J5	4032 00	
			80			30
			APR	LEASING CHARGES		
				ON LEASES 602-607 J6		
				PAID YEAR ENDED		
				31/12/80	4032 00	
					(6)	

1979  
JUNE 30

MINING RENTALS	1341	300 00	
LEONORA NICKEL NL.	241		300 00
BEING SHARE MINING RENTALS			
PAID CARTRIDGE SHIRT			
LEONORA NICKEL NL.	241	3640 00	
MINING LICENSES	1331		3640 00
LICENSES CHARGES PAID BY PROV LIQUIDATOR			
LIONTOWN 603 TO 607			
LEONORA NICKEL NL.	241	180 00	
LABOUR EXEMPTION FEES	1351		180 00
BEING EXEMP FEES ABOVE LICENSES			
PAID BY PROV LIQUIDATOR			
LEONORA NICKEL NL.	241	542 41	
LANDS TAXES	1291		542 41
BEING ROYALTY RECEIPTS RATED			
ON SURFACES			
DEPRECIATION BILLS	61	10047	
FLY MACHINES	61	148	
MINING PLANT & P	101	4260	
PROVISION DEPR BILLS	33		10047
MINING	32		4260
FURN FITTINGS	33		1226
OFFICE MACHINES	34		148
DEPRECIATION YEAR ENDS 30-6-79			
ACCOUNTANCY FEES	51	1300	
AUDIT FEES	55	1550	
ENDING ACCRUALS	304		2150
BEING ACCOUNTANCY & AUDIT			
YEAR ENDS 30-6-79			

1979

JUNE 30	CTD		
	LABOUR EXEMPTION FEES	135	1212 00
	MINING OPERATIONS WASTE	31	3016 00
	SCAVENGING	133	175 00
	ADVERTISING	77	8 60
	SUNDAY EXPENSES	135	235 00
	CLOSING BALANCE 30.6.79		

LIGHTOWN LEASERS	342	2000000 00
MINING LEASERS REVOLUTION RESERVE	462	2000000 00
BEING REVOLUTION LEASERS LIGHTOWN		

1979  
JUNE 1

INTEREST		1500 00
EXPENSES RE C.R.L.		277 00
MINERAL NOMINEES	10	1777 00
BEING PAYMENTS MADE BY MINERAL NOMINEES MARCH 1979 NOT TAKEN UP		

ANZ. CHARITABLE TRUSTS		255
UNDERWRITING - MINING	13	255
TRF FUNDS TO ANZ NOT TAKEN UP		

\*

LEONORA NICKER N.L.	242	<del>200</del>
MINING LEASERS	133	200
BEING UNDERSTATEMENT OF PAYMENTS MINING LEASERS AS JS SHONNAS \$3640 SHOULD BE \$3840		



\*

LEONORA NICKER N.L.	242	4032
MINING LEASERS	133	4032
BEING PAYMENTS ON LEASE RENTALS NO 602-67 NOT CHARGED PREVIOUSLY TO LEONORA AS FOLLOWS:		
CHR 068535 MAY 1979	1344	
CHR 10857 NOV 1978 RE PAID LIQUIDATORS A/C	2688	



NICKEL MINES LEDGER  
LEONORA NICKEL N.L.

76	5/1/76	11	76	B/1/76	76			
00	May 3	Lease	CB 10	183 00	May 14	By Cash	CB 2	183 00
	May 10	Lease	CB 10	400 00	May 17	By Cash	CB 2	400 00
90	May 10	Lease	CB 11	155 00	May 17	By Cash	CB 2	155 00
10			CB 11	30 00				
00	1	Lease	CB 11	221 90				
	19	Lease		1294 60				
00		Lease		572 97				
	1	Cash	CB 13	100 00				
00		ADD CHARGE	30-276-223	125 64				
53	May 13	Cash	CB 13	70 00				
57	May 20		CB 14	100 00				
90	30		CB 14	16650 00				
00	Jun 30	Lease	J 21	12556 75				
				1470 00				
		Balance c/d		475260 59				
				479386 74				479386 74
June 3	CASH	CB 21	487445 50	July	Balance B/D	J 30	475260 59	
	EXPENSES	CB 21	125 00	June 30	LEONORA INT 31-12-77	J 30	23315 98	
	RENT	J 301	3300 00			J 30	175 79	17817 33
	MINEMENT FEES		5000 00			J 30	2950 00	
	TRA MINING LEASORS	J 311	4120 00			J 30	158 50	
	Balance c/d		5188 70					519502 40
79	June 30	CASH	CB 7	15488 90	July	Balance B/D		15488 90
	SHARE TEL		79 20	July	SHARE RENTAL CANADA	J 31	300 00	
	RENT	J 2 K	1730 00			J 30	6397 40	
	CASH CHARGE	CB 7	525 79					
*	LEASE CHARGE LINTON	J 5	3640 00					
	LABOUR EXPENSE	J 1	180 00					
	RATES ACCRUED NOW PAID	J 5 1	542 41					
			6697 46					6697 40
79	June	Balance B/D	6397 46	79	CASH RECEIPTS	CB 10	6000 00	
Dec 3	POWER ADMIN	J 10	18 19					
	GENERAL EXP		13 00					
	CASH ADV		2560 00					
	M.V. EXP		10 00					
	FREIGHT		43 09					
	LABOUR COND		216 00					
			9237 73					6000 00

LEONORA NICKEN NL

1977				1978			
DEC	B/FORWARD 24	9257	73	DEC 31	B/FORWARD 24	6000	00
JUN	PROS LEASE HARKIN J9	200	00				
	LEASE RENTALS						
	CHITONERS 602						
	307 NOT PREVIOUS						
	CHARGES 19	4032	00				

(5)

(4)

LEONORA JOURNAL

1979  
JUNE 30

TELEPHONE ADMIN	47	310	78		
PENAL	44	36	00		
STATIONERY	44	17	27		
DAILY MILE SHIAL RATES	44	166	00		
LABOUR EXEMPTION FEES	52	75	00		
NICKEL MINES LIMITED	30			805	05
BEING PAYMENTS MADE BY NICKEL MINES LTD					
TELEPHONE ADMIN ADMIN	47	195	33		
PRINTING ANNUAL REPORT	44	7.0	00		
POSTAGE	43	1280	00		
TRAVEL EXP MINING	52	221	16		
J. J. LYNCH	36			2396	49
BEING EXPENDITURE PAID PERSONALLY BY J. J. LYNCH					
LABOUR EXEMPTION FEES	52	180	00		
NICKEL MINES LTD	30			180	00
BEING LABOUR EXEMPTION FEES FOR LEASES 602, 603, 604, 605 606 & 607 FOR MONTHS OF MTH PAID BY LB HUNTER PROV LIQUIDATOR NICKEL MINES LTD FROM 3-1-79					
MINING LEASES	* 50	3640	00		
NICKEL MINES LTD	30			3640	00
BEING LEASE CHARGE LEASES 602-602 604, 605 606-607 PAID BY PROV LIQUIDATOR NICKEL MINES LTD					
RENT OF OFFICE	45	1730	00		
NICKEL MINES LTD	30			1730	00
BEING RENTAL OFFICE FROM MARCH 1979 TO 30 JUNE 1979 BASED ON \$5200 P.A. = \$1730					

SHOULD BE  
\$3640  
REFER  
JES



LEONORA LOVANK

1979  
 CTD  
 JUNE 30

RENT OFFICE	45	1730 00
SALARIES	40	3300 00
SHARE PURCHASE & STOCK LICH	46	3232 12
TELEPHONE	47	515 29
FILING FEES	42	295 00
STAFF AMENITIES	46	6 50
INTEREST RECEIVABLE	42	2842 15
PROSPECTING & EXPLORATION		
RATES	49	21 00
REPAIRS	44	899 82
RENTALS MINING CLAIMS	50	2051 00
SUAUY FEES	51	166 00
PROSPECTING	54	500 00
CARTRIDGE - FRAGILE	57	1700 00
TELEPHONE & POSTAGE	52	133 19
LABOUR EMPLOY FEES	53	255 00
TRAVEL EXP	52	220 16
TRANSFER ACCOUNTS 30-1-79		

1979

JULY	MINING LEASES	50	200 00
	NICKEL MINES LTD	30	200 00
	BEING LEASE CHARGES AS SET		
	UNDERSTATED		
	MOTOR VEHICLE EXPENSES	155	32
	J.V. LYNCH		155 32
	BEING REG FEE PAID BY J.V. LYNCH		
	MINING LEASES *	50	4032
	NICKEL MINES LTD	30	4032
	BEING LEASES ON 602-607 PAID THEN		
	NICKEL MINES BUT NOT PREVIOUSLY		
	TERD REFOR NICKEL MINES		
	JOURNAL FOLIO 19		

200 00 (5)

LEONORA LEDGER (NEW)

50

RENTALS MINING CLAIMS Leonora

76							
812	SHIRE CANARION CO2	4312 50	DEC	REFRATE ASSEMBLY CR1		166 00	
	MUNDING WREATH	527 00	MAY	MUNDING WREATH		262 50	
						428 50	
JUNE	NICKEL MINES J2 *	3640 00	JUNE	P L H	J5	8051 00	
	2031-00	2119 50					
		8479 50				3479 50	
79							
JUNE	ADD CHARGES 1974 J5 *	200 00					
	CHARGES FOR 1977						
	PAID BY NICKEL MINES						
	FOR CHARGE FOR TANGI						
	NOT TRANSFERRED J5 *	4032 00					
80							
APRIL	LEASES 602-607 PAID						
	BY NICKEL MINES *						
	FOR YAMAHA 30128016	4032 00					

LEONORA (NEW LEADER)

30

NICKEL MINES LIMITED

1978		1979		1980	
JUNY	BRANCE	15888 90	JUNE 30	BY CASH	CR1 15888 90
JUNE	CASH MINING RENT 183	300 00		ENDING PAYMENT J2	605 05
	BRANCE C/D	6397 46		LABOUR EXP J2	140 00
				MINING LEASE	3690 00
				MONTH OFFICE	1750 00
				STAFF	6155 05
				RATES ON LEASES	542 41
					6340 00
		<u>6697 46</u>			<u>6697 46</u>
79			79		
DEC 31	CASH PAYMENT CPS	6000 00	JULY 79	BRANCE B/D	6397 46
			DEC	CASH RECEIPTS CR4	2560 00
				POWER ADTM J6	18 18
				GEN EXP	13 00
				MV EXP	10 00
				FREIGHT	43 09
				LABOUR COND	216 00
			79		
			JULY	ADJ LEASE CHARGE J5 *	200 00
				LEASING CHARGES	
				CHARTERS TOWERS	
				OMITTED FOR 79 J5 *	4032 00
			80		
			APRIL	LEASING CHARGES	
				ON LEASES 602-607 J6	
				PAID YEAR END 31/12/80 *	4032 00

①

1980

\$4032 PAID BY

NICKEL MINES

( See also ledger 30

For 1979 year

V6

LEONORA JOURNAL

1979

Dec 31

POWER ADMIN

18 18

GEN EXP

13 00

M.V. EXPENSES

10 00

FREIGHT

43 09

LABOUR CONDITIONS

216 00

NICKEL MINES LIMITED

300 27

BEING PAYMENT BY N.M. TO 31-12-79

TELEPHONE CHARGES

74 41

LAWYER NICKEL M.L.

74 41

PROPORTION TELEPHONE CHARGES

1980  
apr 24

MINING LEASES

50

4032 00

NICKEL MINES LIMITED

\* 30

4032 00

BEING RENTAL ON LEASES 602-607

PAID TO MINING WARDEN CHARTERS

TOWNS FOR YEAR ENDED 31-12-80

①

J 6-12

MAGISTRATES COURTS OFFICE

OFFICIAL RECEIPT		RECEIVED FROM		BY CHEQUE		BY CASH		PARTICULARS	CODE
DATE	RECEIPT NO.	BANK	PLACE	AMOUNT	AMOUNT				
28 APR 30	4.1130	NIZ CT	1	1923.80				MINES 1960 DEBITS AND PENALTIES AS PER ATTACHED LIST	1

*[Signature]*  
BY CLERK OF THE COURT

CHEQUES ACCEPTED SUBJECT TO CLEARANCE

NICKEL MINES LTD

	<u>Lease</u>	<u>Rental</u>	<u>Penalty</u>
Dump 209✓		5.00	.25
233✓		320.00	16.00
317✓		180.00	9.00
320✓		180.00	9.00
321✓		180.00	9.00
322✓		320.00	16.00
323✓		180.00	9.00
324✓		180.00	9.00
325✓		190.00	9.50
326✓		190.00	9.50
327✓		261.00	13.05
328✓		180.00	9.00
329✓		180.00	9.00
330✓		180.00	9.00
331✓		180.00	9.00
332✓		180.00	9.00
333✓		180.00	9.00
334✓		320.00	16.00
335✓		320.00	16.00
336✓		320.00	16.00
337✓		320.00	16.00
338✓		320.00	16.00
339✓		320.00	16.00
340✓		320.00	16.00
341✓		320.00	16.00
342✓		320.00	16.00
343✓		320.00	16.00
344✓		320.00	16.00
345✓		320.00	16.00
402✓		320.00	16.00
Dump 496✓		16.00	.80
Dump 497✓		10.00	.50
Dump 499✓		28.00	1.40
Dump 501✓		6.00	.30
Dump 502✓		14.00	.70
Dump 503✓		10.00	.50
602✓ LEONORA		640.00	32.00
603✓ LEONORA		640.00	32.00
604✓ LEONORA		640.00	32.00
605✓ LEONORA		640.00	32.00
606✓ LEONORA		640.00	32.00
607✓ LEONORA		640.00	32.00
MHPL 11436✓		6.00	.30
<b>TOTAL</b>		<b>\$11,923.80</b>	

18 NICKEL MINES CASH BOOK  
 NICKEL MINES LIMITED CASH PAYMENTS

1980 BANK OF CANADA LEONORA LAVERGON

APR	DEPT MINES MAPS	684	32 75
	Exp CH/TOWN	686	600 00
	DEPOSIT R. RAGLAN STN		67,200 00
	COSTS RE CAR C. LOV	684	80
9	PUBLIC TRUSTEE /nt	689	1012 5
10	Exp CH/TOWN	690	300
	BANK CHARGES	1	21 24
24		1	56
	FATES CH CANCELLED	169	1000 00
	SO. MOTOR	196	1500 00
	CALL COSTS	676	169 00
	GEN CHA 170053 SYOC	173	70

A. Z. BURWOOD ACCOUNT

1980	APR 24 MINING WARDEN RENTALS		
	CHARGES TOWERS T/T	11934	30
	EXPENSES CH/TOWN	792	400
29	SYDNEY C.C.	793	70 92
	ELECTRICAL REPAIRS	705	266 71
	RENTALS NORTHAMPTON WA	052	1072 50
	VALUATION FEE BURWOOD	053	1960 00

⑥ ~~4032 00~~ 3945 90  
 23 64                      23 64

TS

Sunday  
1709 12

J. J. Lynch

TRAVEL

LIVING

RATES

RENTS

REPAIRS

Sunday  
MINING

32 75

2000

80

110 125

21 24

1 56

1000 00

69 00

70

1500 00

10 50

3945 90

400

23 64

566 71

1072 50

1960 00

Date	Description	Debit	Credit	Balance
JAN 16 1976	WESTGATE Sphincters	537	159.10 X	
	CORPORATE REPAIRS	558	25.00 X	
	J NEVINS	559	131.40 X	140.00
	C LITSON C TOWN	560	486.40 X	600.00
	J.M. GARTY KIRKIN	561	431.40 X	450.00
	K. Mc CARTHY	562	348.80 X	1450.00
	GROUP TAX	563	140.00 X	1350.00
	GROUP TAX	564	240.80 X	1100.00
	W.H. STEED	565	56.70 X	5.00
	J. NAYNE LABAL WAGER DON	566	171.75 X	175.00
	E GREEN C.T.	567	488.00 X	750.00
	J Mc CARTHY	568	439.25	600.00
	K. Mc CARTHY	569	443.50	600.00
	LEONORA NICKLE LOAN	570	330.00 X	425.00
FEB 6	LEONORA NICKLE LOAN	571	572.70 X	
	LEONORA NICKLE LOAN	572	354.28 X	
	LEONORA NICKLE LOAN	573	1481.05 X	
	WALTER BOARD	574	35.78 X	
	ROBERT BETHUNE	575	395.92 X	
	WALTER BOARD	576	194.00 X	
MARCH 5	SEPTOR COM TAX GROUP TAX FEB	577	558.00 X	
	LEONORA NICKLE LOAN	578	135.00 X	
	LEONORA NICKLE LOAN	579	135.00 X	
	LEONORA NICKLE LOAN	580	135.00 X	
	LEONORA NICKLE LOAN	581	270.00 X	
	LEONORA NICKLE LOAN	582	135.00 X	
	LEONORA NICKLE LOAN	583	270.00 X	
	LEONORA NICKLE LOAN	584	133.61 X	
	LEONORA NICKLE LOAN	585	1000.00 X	
	LEONORA NICKLE LOAN	586	140.00 X	
	LEONORA NICKLE LOAN	587	1500.00 X	
	LEONORA NICKLE LOAN	588	113.72 X	
	LEONORA NICKLE LOAN	589	113.72 X	
	LEONORA NICKLE LOAN	590	35.00 X	
	LEONORA NICKLE LOAN	591	35.00 X	
	LEONORA NICKLE LOAN	592	35.00 X	
	LEONORA NICKLE LOAN	593	35.00 X	
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	LEONORA NICKLE LOAN	597	35.00 X	
	LEONORA NICKLE LOAN	598	35.00 X	
	LEONORA NICKLE LOAN	599	35.00 X	
	LEONORA NICKLE LOAN	600	35.00 X	

\* (2) \$4032 Paid by Laverton 1976





LAVERTON  
LEDGER

Laverton Ledger

LEONORA NICKEL NO LIABILITY

1975	Jan 1	Balance		30753 78	
	June 30	Cash	1	63600 00	
		Interest	J 13	6324 00	
				100677 78	
	June 30	Cash		25400 00	
		Interest	J 15	11 53	
		Expenses	J 19	180 00	
				113741 0 78	
1976	Jan 31	Cash over CB3		3400 00	
	June 30	Cash over CB3		4300 00	1976
		Interest	J 19	4350 51	
*	30	Money loan	J 11	4632 00	1976
	30	Money loan	J 17	79 79	(2)
	30	Interest	J 17	14501 67	
				183724 24	183724 24
	July 1	Balance of B		159373 73	June 30 Balance of D
	Jan 23	To Cash	7	1200	201624 92
			7	2000	
	30		7	1100	
	Jan 4		8	2154	
			8	10000	
		Shaw Pharmacy	8	23 03	
	Jan 22	Cash	9	4000 00	(3)
*	Jan 20	Cash loan 46 loans	9	4032 00	
	Jan	Shaw Pharmacy	10	24 10	
		Pharmacy	10	33 97	
		Telephone	J 22	35 29	
	June	Interest	J 24	16764 60	
		Money loan	J 26	176 00	
				201624 92	201624 92
	Jan 31	Balance 310		201624 92	1976
	Jan 1	SHAW MINING COMPANY	CB 15	30 00	
	Jan 31	RECK-AN-WATER	J 30	10 244 25	
	Jan 21	ISM TELETYPE	CB 16	1172 00	

CIF

CIF



1973

July 1 Balance 30753 78

1974

June 30 Cash 1 63600 00

Interest for year J11 6324 00  
100,677 78

1975

June 30 Cash 2 805400 00

Interest J3 11153 00  
137230 75

charges J4 180 00

137,410 78

1975

DEC 31 Cash CB66, 3400.00!

1976

June 30 Cash CB66 4300 -  
105,110 78

June 30 Telephones J8 79.79

<sup>76</sup> June 30 To Int adjustment 4350 51

Balance 159373 73

163724 24

June 30 Mortgage Interest J8 40325 00

30 Interest J8, 14501 67

163724 24

163724 24

<sup>77</sup>

June 30 Balance C/D 201624 82

1976

B/F 159373 73

DEC 31 Cash Book CB67 4300 -

1977

June 30 CB67 163673 73

Exp charges J12 4148 49

Interest J12 1174276 22

Exp J12 16762 60

Exp rectify chg J14 186 00

201624 82

201624 82

201624 82

<sup>77</sup>

MAY 19 To Cash CB8 261794 00  
HW 892-93

<sup>77</sup>

June 30 Balance C/D 201624 82

CASH CB69 3260 00

DEC 31 INTEREST J 10244 25

TYPIWRITER J 1172 00

216391 07

DEC 31	Fuel	Mining	95	144	74
	Freight	Mining	93	2	30
	Travel	Mining	121	10	50
	Repairs & exp	Mining	111	55	39
	Wear of Equipmt	"	97	121	50
	Cleaning	"	129	160	00
	Petty Cash	"	11		
	Petty Cash dissection by Hs to 31/12/75.				
1976					
June 30	Provcha Finance		33	885	00
	Insurance		55	195	00
	Nickel Mines Ltd.		31		1080 00
	Payments by authority made on behalf of Laverton re mortgage Hville. Payments duplicated and so set against capital o/s.				
June 30	Provcha Finance		33	23115	00
	Insurances		55	390	00
	Legal costs discharge		59	64	00
	Interest		57	475	20
	Legal costs mortgages		59	725	30
	Legal costs Laverton Nvd		59	624	80
	Progressive Finance		36		25394 30
	Taking up mortgage entry re new loan \$65,000 from Progressive Finance Plc April 1976.				
June 30	Leonora		7	4032	00
	Nickel Mines Ltd		3	223	65
	Nickel Mines Ltd		3	3896	02
	Mining leases		115		8151 67
	Rental on mining leases paid on behalf inc 50% joint venture Nickel mines/Laverton. (3896.02) cheque 425 579				



# BANK OF NEW SOUTH WALES

60 MARTIN PLACE  
SYDNEY N.S.W.

24th March 1976

FIRST BANK  
IN  
AUSTRALIA

ESTABLISHED  
1817

NOT NEGOTIABLE

PAY The Mining Warden, Charters Towers OR BEARER

THE SUM OF Twelve thousand and forty seven \$ 12,047.70  
dollars 70 cents

FOR AND ON BEHALF OF  
LAVERTON NICKEL N.L.

Walter  
J. D. Hargrave

⑈4 22579⑈ 032⑈024⑈56⑈0324⑈

⑈000 204 770⑈







LAVERTON  
LEONOR

# Laverton Ledger

LEONORA NICKEL NO LIABILITY

Jan 1	Balance		30753 78		
June 30	Cash	1	63600 00		
	Interest	J/13	6324 00		
			100677 78		
July 5					
June 30	Cash		25400 00		
	Interest	J/5	176 00		
	Expenses	J/9	180 00		
			137410 78		
Sept 31	Cash over CB3		3400 00		
Jan 30	Cash over CB1		4300 00	1976	
	Interest	J/19	4350 51		
*	30	Interest over CB1	46 32		59373 73
	30	Interest over CB1	79 79		
	30	Interest	14501 67		
			12374 24		163724 24
June 30	Cash over CB1		159373 73	June 30	Balance
July 31	Cash	7	1200		201624 92
		7	2000		
		7	1100		
Jan 4		8	2154		
		7	10000		
	Shaw's Bakery	8	23 03		
	Cash	9	4000 00		
* 10/1	less down 4th house	9	2032 00		
	Shaw's Bakery	10	24 10		
	Shaw's Bakery	10	33 97		
	Shaw's Bakery	122	35 27		
	Interest	124	16762 60		
	Interest	126	16 00		
			201624 92		201624 92
Jan 31	RECEIVED ON INTEREST	130	10 25		
Jan 31	RECEIVED ON INTEREST	131	1172 00		

CIF

CIF

1977

Dec 31	Rentals Mining Claims Prepayments Reversal of JNL 59.	1041 2016- 201	1 2016-	JUNE 30 SHARE HRS STOCK EXCH CHARGES	71	1221 52	
				CREDITORS RECEIVABLE	37		1221 52
				CHARGES June For Premier Share Registry			
31	Printing & Stationery Telephones & Postage Postage on Annual Reports accrued 1/1 65 30/6/76 in 1977 Payment see 76 debited to 1/1 75.	65 1294 60 75	1 1294 60	MANAGEMENT FEES RECEIVABLE		4644 00	
				NICKEL MINES LIMITED			2444 00
				PREMIER SHARE REGISTRY			2000 00
				BEING PROPORTION SALARY J. HARRISON			
				CHARGES AS ABOVE			
1977 June 30	Telephone Utility Aerial Mining Lantern Nickel Ltd Being charges paid by Lantern TELEPHONE POWER ACCOUNT 35-29 31-97 4032-00 23-13 24-10 82-52 33-97 4032-00	75 12 52 53 33 97 108 4032 00 3	4148 49	RATES TAXES	105	542 41	
				CREDITORS RECEIVABLE	37		542 41
				RATES OUTSTANDING 30-6-76 \$378.99			
				PLUS 1977 SHARE EXCHANGE 103.44			
				JUNE 30 DEBITORS	17	174 20	
				LITIGATION EXPENSES	97		174 20
				BEING RETURN ON M.D. FRANCIS HARRISON			
				GROUP TAX	37	85 80	
				WAGES	73		85 80
				ADJUSTMENT OF TAX DEC 76			
	LANERTON NICKEL N.L. INTEREST PAYABLE INTEREST 12 MONTHS TO 30-6-77	5 16762 60 60 16762 60	16762 60	NICKEL MINES LTD	3	44732 00	
				PREMIER SHARE REGISTRY	71	450 86	
	PREMIER SHARE REGISTRY NICKEL MINES N.L. MISCELLANEOUS INCOME BEING PROPORTION SALARY PAID TRANSFERRED AS ABOVE	7 2414 00 3 2414 00 43	4828 00	ASSAY LABORATORIES	9	10 67	
				INTEREST RECEIVABLE	59		45193 53
				INTEREST ON LOANS YEAR ENDED 30-6-77 AS SET FORTH			
	DEPRECIATION PROVISION FOR DEPRECIATION DEPRECIATION FOR YEAR AS SET FORTH	87 5175 25	5175	OFFICE RENT	69	2900	
				JUNE 30 CREDITORS	37		2900
				BEING RECEIVABLE RENT 6 MONTHS TO 30-6-77			

LEONARD LEDGER

109

RENTALS- MINING CLAIMS

1974		1974	
June 30	Cash	5	3930 00
	Mining * J12		3360 00
			7290 00
June 30	Mining		
	Refunds J14		4987 50
Prospect A/c J1		25000 00	
		4987 50	
June 30	Payment bill		
	Exp. Solicitors J14		25000 00
	(Mining claims & authority to Pros)		
	Prospect A/c J1		7290 00
		37277 50	
			37277 50
1975		1975	
June 30	Cash	9	6673 16
June 30	Cash Refunds 2 P/L		230 50
			131 20
			361 70
	Mining	J15	1432 -
	Patrons	J16	4879 46
			6673 16
			6673 16
1975		1976	
DEC 31	Cash	CB11	260 00
June 30	Cash	CB24	3750 -
30	Leveston * J8		11032 -
30	accruals J9		142 75
			8184 75
Dec 31	CB Payto	4	1285 50
31	Reversal	J12	2016 00
June 30	Expenses	CB 61	3995 00
	Leveston * J12		10328 50
			10328 50
June 30	NICKEL MINES	J	4250 00
		J	100 00
			4650 00
June 30	By REFUND	CB 69	202 00
		J1	4448 00
			5450 00

### RENTALS MINING CLAIMS

Year	Description	Amount	Month	Reference	Amount
78	APR FUEL CONSUMPTION CO2	4312 50	DEC	REFSNT 93481010N CR1	166 00
	MENDING NICKEL	527 00	MAY	MENDING NICKEL	262 50
79	NICKEL MINES V2	3640 00	JUNE	P L	8251 00
		<u>8479 50</u>			<u>3251 00</u>
79	JUNE ADJ CHARGES 1979 JS	200 00			
	CHARGES FOR 1979 PAID BY NICKEL MINES FOR CHARGES FOR TOWN NOT TRANSFERRED JS	4032 00			
80	APR LEASES 602-607 PAID BY NICKEL MINES FOR YEAR END 31-12-80 JS	4032 00			

LAVERTON NICKEL NL.

	1973		
	July 1	Balance	30753 78
	1974	June 30	Cash 1 63600 00
		Interest for	
		year J11	6324 00
			100,677 78
	1975		100,677 78
	June 30	Cash 2	805400 00
		Interest J3	11153 00
			137230 78
		Charges J4	180 00
			137410 78
	1975	DEC 31	Cash CB66, 3400.00
	1976	June 30	Cash (2) CB661 4300 -
			105,110 78
	June 30	Telephone	J81 79.79
76	June 30	In Adj	4350 51
	June 30	Memorandum	14032 00
		Balance	159323 73
			163724 24
	1977	June 30	Balance c/d
			201624 82
	1976	DEC 31	Cash CB67 4300 -
			163673 73
	1977	June 30	Cash CB67 16754 00
		Exp charges J12	4144 49
		Interest J12	114675 52
		Exp charges J12	16762 60
		Exp charges J17	186 00
			201624 82
	1977	MAY 19	To Cash CB8 126194 00
			201624 82
	1977	DEC 31	CASH CB89 23260 00
		INTEREST J 6	10244 45
		TYPIWRITER J 1	1172 00
		SHARE RENTALS J 1	36 00
		TRF CASH EXP J 1	320 44
		INTEREST ALLOW J 1	8132 83
		BALANCE c/f	34391 78
			261194 00

First Bank in Australia

# Bank of New South Wales

557382

BURWOOD NSW

24th March, 1977

Pay William Warden Charters Towers or bearer

the sum of Twelve Thousand Forty Seven Dollars & Seventy Cents \$12,047<sup>70</sup>

STAMP  
DUFY  
PAID

LAVERTON NICKEL N L

CHARTERS TOWERS

⑈557382 ⑈032⑈062⑈56⑈1598⑈

⑈0001204770⑈

NOT NEGOTIABLE  
BANK OF NEW SOUTH WALES  
CLERK OF THE COURT  
CHARTERS TOWERS  
COLLECTION ACCOUNT

*Warden*  
*J. J. Hurch*

Exhibit 3AA - Cheque to  
Charters Towers Warden,  
24 March, 1977

① \$3360 PAID BY NICKEL

MINES IN 1974  
NICKEL MINES CASH BOOK

Mines Cash Book

1974	CHEQ No	BANK	LOANS	REPS BLDG	ADVERT	LEGAL	PAYROLL TAX	SALARIES	BANK GROUP	CHARGES	TAX	ADVISED
Mar 25	1917	3360.00										
		3360.00										
		95.70										
		149.00										
		18.00										
		1800.00										
		122.00										
		100.00										
		750.00										
		100.00										
		94.25										
		75.85										
		6.00										
		145.91										
		8659.00										
		3481.90										
		367.35										
		2000.00										
		69.51										
		407.20										
		15.50										
		20.15										
		88										
		410										
		48.19										
		410										
		744.70										
		407.20										
		15.50										
		88										
		407.20										
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1 NICKEL MINES LEDGER  
LEONORA NICKEL NO LIABILITY!

		1973			
	July 1 Balance			118813	40
31	1100 00			237749	00
31	3360 00	1974			
	June 30 Cash & acc			18500	00
	July 1			4800	00
	Aug 5 fees j/17	550	00	3666	66
	Aug - sale of shells	3666	66	4987	50
	Refund m/c j/7			28000	00
	Interest j/25			370839	90
	Balance 90	370839	90	398016	56
				398016	56

		1974			
	July 1 Balance			370839	90
34	1635 00	1975			
7/11	1318 00			12500	00
	June 30 Receipt			37794	00
	Interest			421133	90
	Rentals			432	00
	Balance 90	422565	90	422565	90

	July 1 Balance			419612	90
31	4775 00	1976			
31	1303 60	June 30 Interest		519141	34
31	815 00				
31	75 00				
31	51 85				
31	5205800 00				
	Balance 24	410921	24		

	July 1 Balance			448140	74
31	67 624	1977			
31	85 341				
31	2000 00				
31	50 00				
31	9 174				
31	195 915				
31	34 981				
31	300 00				
31	9 825				
	Balance 24	448140	74		

L E N D R A J O U R N A L

Date	Description	Debit	Credit
June 30 1974	Balance & Accty to Nickel Nickel Limited	550.00	
	Arguing share of accty + accounting fees for 1973		550.00
	Depreciation for Depreciation Plant and Equip. 25	10454.00	
	Depreciation for year 1974		10454.00
	off 00 per accty		
	More Arguing charges	1498.00	
	Remitted from Reg P/L		1498.00
	Accounts for more of June 74		
	Impair		
	Act of Assets	3666.66	
	Nickel Nickel Limited		3666.66
	Arguing rate of accty by N Nums - all paid up		
	Nickel Nickel Limited		28000.00
	Depreciation	32800.00	
	Account on loan of \$135000 @ 8% pa.		
	Depreciation payable	6324.00	
	Depreciation Nickel NL		6324.00
	Account payable on loan from		
	Account @ 8% pa		
	Account payable		3360.00
	Nickel Nickel Limited	3360.00	
	Accounting entries for July		
	Nickel Nums		
June 30 1974	Accounting	900.00	
	Crucial Data	650.00	
	Drawings W.C.	150.00	
	More regarding changes	200.00	
	Refunds	20.00	
	Refuges	155.00	
	Legal - Arman	111.00	
	Drawings and accounts		2186.00
	at 30/6/74		
	Book on deposit		25000.00
	109		
	Mining claims		25000.00
	Payment June 73 to Nickel Nickel Limited		
	Will agreement - All by agreement		
	of partners and losses on deposit		
	@ 6.75% interest		

LEONORA LEDGER

3

NICKEL MINES LIMITED

1973		1974	
July 1	Balance (SEC) 237,749.00	June 30	Cash 1 1100.00
	✓ (UNSEC) 118,813.40		Drill & Compressor 13 13,700.00
	356,562.40		14,800.00
1974		1974	
June 30	Sale of Drills J4 3666.66		Audit fees J6 550.00
	Refund - MC J4 4987.50		Ady - Drills J9 3666.66
	350-416-56 365,216.56		19,016.66
	346,199.90		①
	Interest for year J10 28000.00		Rent - Lease J12* 3360.00
	374,199.90		32376.66
	370,399.92		Balance J10 370,839.90
	393,216.56		393,216.56
1974		1975	
July 1	Balance (SEC) B/D 370,839.90	June 30	Cash 2 1635.00
1975			Charges J4 1318.00
June 30	Cash 29/10. 9 12500.00		Interest J2 37,794.00
	Interest 419 498.90		421 133.90
	Mining claims J5 1432.00		Balance 49,612.90
	422,565.90		422,565.90
1975		1975	
July 1	Balance 449,612.90	DEC 31	Cash CB66, 4775.00
June 30	Interest 141,305.34	June 30	Cash CB66, 815.00
	Bel 448,140.74	30	Postage J61 1338.64
	460,921.24	30	Telephone J81 51.86
		30	Rent J9 5800.00
			Bel 448,140.74
			460,921.24
1976		1976	
Dec 31	Balance 448,140.74	DEC 31	Cash BK CB67 2080.00
June 30	Cash BK CB41 4100.00	31	Leonora J11 3656.15
	June 30	June 30	Cash CB67 170.00
	June 30		16,650.00
	June 30		Life Insur. & Comm J14 1470.00
	June 30		Balance c10 475260.59
	497,386.74		497,386.74
1977		1977	
June 30	Balance c10 475,260.59	June 30	CASH 69 411,318.00
		June 30	Survey Fees 117.00

GENERAL LEDGER

109

RENTALS- MINING CLAIMS

1974			1974		
June 30	Cash	5 3930 00	June 30	M. Mines -	
	M. Mines	J12 3360 00		Refunds	J4 4987 50
		7290 00			
	Prospect A/c	J1 25000 00	June 30	Payment bill	
		J1 4987 50		by Selectors	J14 25000 00
				(Mining claims	
				authority to Pros)	
				Prospect A/c	J1 7290 00
		37277 50			
					37277 50
1975			1975		
June 30	Cash	9 6673 16	June 30	Cash Refunds	2 J1 230 50
					2 J1 131 20
					361 70
				M. Mines	J5 7432 -
				Others	J6 4879 46
		6673 16			6673 16
1975			1976		
DEC 31	Cash	CB11 260 00	June 30	Prepayments	J9: 2016 -
June 30	Cash	CB2 3750 -		Bal.	6168 75
	30 Leveston	J8 4032 -			
	30 Accruals	J9 142 75		Bal. P/L	6168 75
		8184 75			8184 75
Dec 31	CB Payto	4 1 0285 50		Reversal	J11 142 75
	31 Reversal	J12 2016 00	June 30	Check - Loss	J15 10185 77
June 30	Compens	CB6 1 3995 02			
	Leveston	J12 1 4032 00			
		10328 52			10328 52
June 30	NICKEL MINES	J 4050 00	June 30	By REFUND	CB 9 202 00
		J 100 00		Loss	JC 4448 00
		4650 00			64650 00

**William J. Hamilton**  
chartered accountant

**Hamiltons**

*File*  
*Hamilton*  
*2.6.1*  
*2.6.1*

nsw 1 york street sydney · telephone 241 3831 · postal address box 1724 gpo sydney 2001 nsw · cde box 675  
act 134 bunda street canberra · telephone 47 0972 · postal address box 1129 canberra city 2601 · cde box 7

October 9, 1978.

when replying please quote  
our ref WJH:JN  
your ref .....

Newmont Pty. Limited,  
535 Bourke Street,  
MELBOURNE VIC 3000

Attention: Mr. J. C. Quinn

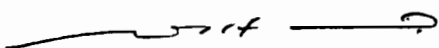
Dear Sir,

RE: LAVERTON NICKEL N.L. (Provisional Liquidator appointed)

Herewith, please find enclosed one copy of the Corporate Affairs  
Commission letter dated September 21, 1978, together with  
attachments omitted from our recent letter to you.

10

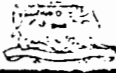
Yours faithfully,  
LAVERTON NICKEL N.L.



W. J. HAMILTON  
PROVISIONAL LIQUIDATOR

(Encs)

896. Exhibit 4A - Letter to  
First Plaintiff,  
9 October, 1978



# Corporate Affairs Commission



Mr W J Hamilton  
1 York Street  
SYDNEY N S W 2000

175 Castlereagh Street,  
Sydney  
Address all mail to:  
The Commissioner, G.P.O. Box 7013  
Sydney 2001  
Telex: CASYD 26504

21st September 1978

Our reference: GN ar  
Your reference:

Dear Mr Hamilton

618621  
Telephone ~~26627~~  
Extension 212

I have been directed by the Attorney General to write to you and comment on four draft deeds submitted by you in support of your request that subject to the execution of the deeds the petition by the Attorney General to wind up Laverton Nickel No Liability (Laverton) be withdrawn. Copies of the draft deeds are attached as Annexures One to Four respectively.

10

Inherent in the deeds, which I have been informed by Mr. P.A. Somerset have been executed by all parties, are the following propositions -

(1) Control of Nickel Mines Limited (Nickel Mines) to be vested in William James Hamilton until such time as Nickel Mines repays Laverton the sum of \$190,647 and also repays Leonora Nickel No Liability (Leonora) the sum of \$514,866.

(2) Independent of proposition (1), Nickel Mines to give W.J. Hamilton complete and irrevocable control of the Liontown Prospect (Mineral Leases 317 and 320 to 345 (inclusive)) during a period of four years, which Prospect is undertaken in equal partnership between Nickel Mines and Laverton.

20

(3) Mr. James Joseph Lynch to execute in blank and deposit with Mr. Hamilton a share transfer in respect of the total shareholding of Mr. Lynch in Nickel Mines which transfer Mr. Hamilton will be entitled to complete and register

30

/2...

- if either the constitution of the board of Nickel Mines is altered without the approval of Mr. Hamilton, or any attempt is made to sell, transfer, charge or dispose of any of the assets of Nickel Mines without the consent of Mr. Hamilton, in each case during the period between the execution of the deeds and the repayment by Nickel Mines of \$190,647 to Laverton and \$514,866 to Leonora. 10
- (4) Mr. Hamilton to be appointed director of Laverton during the period referred to in proposition (3) above, and to have the right to replace such directors of Laverton as may have held office at the execution of the deeds.
- (5) The consent of Mr. Hamilton to be obtained prior to the appointment of any director to the board of Laverton during the period in which he is a director of Laverton. 20
- (6) Mr. Hamilton to have absolute and unfettered control and power to dispose of all shares held by Nickel Mines Underwriting and Mining Investments Limited, and Mineral Nominees Pty. Limited in Laverton during a period of four years from the execution of the deeds referred to herein with each of Nickel Mines, Underwriting and Mining Investments Limited, and Mineral Nominees Pty. Limited to execute in blank share transfers in relation to all shares held by them in Laverton at the date of the deeds referred to herein being signed and each of those companies to give those signed transfers to Mr. Hamilton. 30
- (7) Leonora directs Nickel Mines to pay \$218,427 direct to Laverton in part reduction of the Nickel Mines debt to Leonora of \$518,866, such payment to be treated as reduction of the Leonora debt due to Laverton, and in support of this direction Leonora charges in favour of Laverton its debt of \$514,866 due from Nickel Mines with the said payment of \$218,427.
- /3... 40

- (8) Each of Nickel Mines, Laverton, Leonora, Underwriting and Mining Investments Limited and Expo Investment Corporation Limited to be restored to their respective financial positions as if certain transactions that took place on the 17th May 1978 had not taken place and the assets and liabilities of each of the said companies as between themselves will be restored to the position they were in prior to the said transactions of the 17th May 1978, which transactions were detailed at pages 9 and 10 of the judgement of His Honour Mr. Justice Needham given in matter 2371 of 1978 on 4th September 1978.

10

On the written assurance of each of the persons and companies referred to herein that it is their intention by the execution of the four deeds, copies of which are annexed hereto, to give effect to the propositions set out herein, and on those persons and companies proving to the satisfaction of the Attorney General that the four deeds have been duly executed and further that all parties to the deeds have in fact done all that they undertake to do in the text of the deeds, I am directed to advise you that the Attorney General consents in principle to withdrawal of his petition to wind up Laverton and pending that withdrawal to the continuation of the provisional liquidation.

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Yours faithfully,

A.B. Greenwood  
for Commissioner for Corporate Affairs

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December 22, 1978

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MEMORANDUM TO: File

FROM: J.C. Quinn

SUBJECT: LIONTOWN

Bill Hamilton advised this morning that pursuant to his tendering procedure, offers have been received from Shell and Esso, both of which are considered superior to the terms of the November 3 Joint Venture Agreement.

He further advised that he was meeting with Mr. Lynch and his committee of shareholders this morning to decide which offer to "accept".

10

Hamilton made the point that Lynch has apparently reached some arrangement with the Attorney General's Department in New South Wales, the likely result of which will be the withdrawal of the Attorney General's petition at the Hearing scheduled for next February. Hence, Hamilton has left the decision of which offer to accept to Lynch.

Under the circumstances, I advised Hamilton that we would more than likely injunct him to prevent him from entering into any Agreement with any other party pending the outcome of our appeal of Needham's recent judgement.

20

John C. Quinn

J.C. QUINN.

JCQ:JP

cc. P.H. MacSporran/G.J. Reancy,  
 H.C. Sleigh  
 R.L. Abbott/R.V. Taylor,  
 ICI

**William J. Hamilton**  
chartered accountant

**Hamiltons**

nsw 1 york street sydney • telephone 241 3831 • postal address box 1724 gpo sydney 2001 nsw • cde box 675  
act 134 bunda street canberra • telephone 47 0972 • postal address box 1129 canberra city 2601 • cde box 7

*Handwritten signature/initials*

6th December, 1978.

Newmont Pty. Limited,  
535 Bourke Street,  
Melbourne Vic. 3000

when replying please quote  
our ref WJH:JG  
your ref .....

Attention: Mr. J. Quinn

Dear Sir,

Re: Liantown Leases - Laverton Nickel N.L./Nickel Mines Limited

I am writing to you on behalf of your Company and I.C.I. Australia Ltd. and H.C. Sleigh Resources Ltd. in consequence of certain directions given by His Honour Mr. Justice Needham in the Supreme Court of New South Wales.

10

You are already in possession of a copy of His Honour's Judgement delivered on 3rd November, 1978 and the directions given by him on 17th November, 1978. Particular reference is made to item 3 in the latter directions where it was stated, and I quote "3. As a condition of obtaining the Court's approval to the Agreement, Exhibit 'AH', the Applicant is justified in sending a copy of the Invitation to Tender to Newmont Pty. Ltd., I.C.I. Australia Limited and H.C. Sleigh Resources Ltd."

20

The document referred to above was the Liantown Joint Venture Agreement dated 3rd November, 1978 with, inter alia, your Company.

Accordingly I am enclosing a copy of a letter written to Esso Australia Limited and letters in like terms are being forwarded to Shell Co. of Australia Limited and Penarroya Australia Pty. Ltd. A copy of a form of Tender enclosed with each of the aforementioned letters is forwarded for your information.

As you will appreciate, in considering the agreement entered into with your Company and dated 3rd November, 1978 Mr. Justice Needham has indicated that he will look at any other offers received pursuant to the enclosed form of Tender forwarded to the abovenamed Companies. Should you wish to submit any material to me for my consideration in the light of the enclosed documents or in consequence of the Judgement and directions of the Supreme Court of New South Wales I would be

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Exhibit 4C - Letter to  
First Plaintiff -

901. 6 December 1978

Exhibit 4C - Letter to  
First Plaintiff -  
6 December 1978

grateful if you would kindly do so by Thursday 10.00 a.m.,  
21/12/78. It should however be clearly understood that there  
is no requirement upon you to make any submission to me whatso-  
ever should you not desire so to do.

This letter is forwarded pursuant to the agreement approved by  
the Court and referred to above and shall not be deemed in  
any way to seek to revoke the agreement dated 3rd November,  
1978 nor shall anything herein contained be deemed to be incon- 10  
sistent in any way with any fact, matter or thing therein  
contained nor is this letter intended, nor shall it be deemed  
to be in repudiation of the agreement referred to above which  
subject to its conditions remain in full force and effect.

Should you wish to discuss any aspect of the matter with me  
needless to say I would be only too happy to do so.

Yours faithfully,  
Laverton Nickel N.L.,

D. Abbott

for W.J. HAMILTON,  
Provisional Liquidator.

20



Our Ref: PAS  
Your Ref: PAJ:JP

P. A. SOMERSET & CO.  
Solicitors

	PAS
	PAJ
	JP
	CPJ
	COB
	AS
	DIB
	PH
	KIR
DATE	16/11/78
FILE	

167 Macquarie Street,  
Sydney. 2000  
Tel. 221 1300  
D.X. 834 Sydney

13th November, 1978.

The Financial Controller,  
Newmont Proprietary Limited,  
A.M.P. Tower,  
535 Bourke Street,  
MELBOURNE. VIC. 3000

10

Dear Sir,

Re: Laverton Nickel N.L. - Nickel Mines Limited

Thank you for your letter of 9th November enclosing the duly executed documents.

The Agreement which was not witnessed by the writer is returned as requested.

On the question of stamp duty we confirm our discussions with Mr. Jackson on Friday that the amount of duty is difficult to assess. At the present time it seems undesirable to lodge the Agreement for stamping as, of course, it is conditional upon, inter alia, the Court's approval. However in making any application to the Court to approve the Agreement we will need to produce either a stamped Agreement or give an undertaking that duty would be paid. Our client is not in any position to pay any duty in any event and as advised over the telephone it is not/the responsibility of Laverton Nickel N.L. and/or Nickel Mines Limited to pay the duty. The proper basis for paying duty in our opinion is to divide it in the proportions which the Joint Venturers have in the joint venture. However, at the present time due to the total absence of funds in the two Companies under provisional liquidation there can be no payment by them at all. Accordingly, we would be grateful if you would kindly let us have a letter from your Company agreeing to meet the duty levied by the Commissioner of Stamp Duties for the State of New South Wales upon the basis that having paid the duty there will be an adjustment with all the Joint Venturers on the basis of their contributions to the joint venture.

20

30

As no application could be made to the Court without such a letter we would appreciate the same at your earliest convenience. 40

Yours faithfully,

P.A. Somerset  
P.A. SOMERSET & CO.

Exhibit 4E - Copy letter  
to First Plaintiff,

904. 13 November, 1978



This is the Exhibit marked "WJH.1" mentioned and referred  
to in the Affidavit of WILLIAM JAMES HAMILTON sworn  
21st February, 1979 before me:

G. Canatis J P  
A Justice of the Peace

INDEX - JOINT VENTURE DEED

LAVERTON - NML - EEPA

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Exhibit 4F - Exhibit "WJH.1"  
to the Affidavit of  
W.J. Hamilton, 21.2.1979

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JOINT VENTURE DEED

(LIONTOWN - QUEENSLAND)

THIS DEED is made the \_\_\_\_\_ day of \_\_\_\_\_ 1979

BETWEEN LAVERTON NICKEL N.L. (Provisional Liquidator appointed) a no-liability company incorporated in the State of New South Wales whose registered office is situated at C/- "Hamiltons", 18th Floor, 1 York Street, Sydney NSW 2000 (hereinafter called "Laverton") and NICKEL MINES LIMITED (Provisional Liquidator appointed) a company incorporated in the State of New South Wales whose registered office is situated at C/- Wallace McMullin & Smail, 11th Floor, 52 Phillip Street, Sydney, NSW 2000 (hereinafter called "NML") (hereinafter collectively called "the Companies") of the one part AND ESSO EXPLORATION AND PRODUCTION AUSTRALIA INC. a corporation duly organised in accordance with the laws of the State of Delaware, one of the United States of America whose registered office in the State of New South Wales is situated at Esso House, 127 Kent Street, Sydney (hereinafter called "EEPA") of the other part.

10

20

WHEREAS

A. \_\_\_\_\_ The Companies are the holders and beneficial owners of the following Mining Leases granted pursuant to the Mining Act 1968-1976 of the State of Queensland:

Mining Lease Nos.   233  
                                  317  
                                  320 - 345 (both inclusive)  
                                  402

30

Home Lease No.       11436

In the Mining District of Charters Towers.

B. \_\_\_\_\_ Subject as hereinafter provided, the Companies and EEPA have agreed to establish a joint venture upon and subject to the terms and conditions hereinafter set forth for the exploration of the lands comprised in the said Liontown Leases.

NOW THIS DEED WITNESSES as follows:-

1. INTERPRETATION

In this Deed unless the contrary intention appears or the context or subject matter otherwise indicates or requires:-

- (a) "Accounting Procedure" means the accounting procedure set out in the First Schedule hereto and made a part of this Deed by virtue of Clause 19 hereof; 10
- (b) "the Act" means the Mining Act 1968-1976 of the State of Queensland and includes any further amendment thereof, any re-enactment thereof, any Act substituted therefor and all regulations, notifications and proclamations made thereunder and for the time being or from time to time in force during the currency of this Deed;
- (c) "the Area" means the aggregate area of the lands for the time being, from time to time or at any time during the currency of this Deed comprised in the "Liontown Leases" or in any renewal extension consolidation or amendment whether in whole or in part of the Liontown Leases or any one of them granted by the Minister during the currency of this Deed or in any other mining title of whatever nature granted during the currency of this Deed in substitution, in whole or in part, for the Liontown Leases, or any other mining title which is or becomes subject to the provisions of this Deed as hereinafter provided; 20 30
- (d) "the Companies" means Laverton Nickel N.L. and Nickel Mines Limited and includes their respective successors and permitted assigns;
- (e) "EEPA" means Esso Exploration and Production Australia Inc. and includes its successors and permitted assigns;
- (f) "Effective Date" means the date specified in Clause 3 (2) on which the parties' obligations to one

another commence, excluding the obligation specified  
in Clause 7.1 (a);

- 3 -

- (g) "Exploration" includes all activities and operations undertaken and all expenditures some or all of which may be of a Capital nature incurred in or in connection with the exploration of the Area pursuant to this Deed and, without limiting the generality of the foregoing, includes geological, geochemical and geophysical surveys, drilling, aerial surveys, magnetic, electromagnetic and radiometric surveys and further includes the processing and interpretation of the basic data obtained from such surveys at whichever location such processing and interpretation is carried out, and further includes any metallurgical work carried out whether as part of a feasibility study or not, and any feasibility studies carried out under this Deed; 10
- (h) "Joint Venture" means the joint venture constituted and established by and between the parties pursuant to this Deed;
- (i) "Joint Venture Property" means the Liantown Leases together with the rights acquired pursuant to Clause 27 hereof and further includes all items of equipment purchased for the purposes of this Deed, all other property and equipment purchased or held for the purposes of this Deed but does not include property or equipment of one or more of the Parties hereto lent to the venture or used by the venture temporarily. 30
- (j) "the Liantown Leases" means mining leases numbered respectively 233, 317, 320 to 345 (both numbers inclusive) and 402 together with home lease 11436 in the Mining District of Charters Towers in respect

of lands comprised within the Area.

- (k) "Mine Production Date" means the day upon which 70% of the initial production capacity provided for in the prospect evaluation accompanying the notice of final development and supported by a feasibility study has been achieved for a period of three (3) consecutive calendar months.

10

- (l) "Minister" means the Minister for Mines of the State of Queensland for the time being and includes any person discharging the duties of that office from time to time or at any time during the currency of this Deed;

- 4 -

- (m) "month" means calendar month;
- (n) "Operator" means EEPA when acting in its capacity as the operator under this deed provided that if EEPA should be wound up or enters into any arrangement with its creditors or suffers a Receiver or Receiver and Manager to be appointed or goes into Official Management then the Operator shall be such entity as is selected unanimously by the other Participants;

20

- (o) "Participant" means a party hereto and in relation to EEPA means EEPA whether acting in its capacity as the Operator hereunder or not. The said expression includes the respective successors, assigns, transferees and other disponees in respect of the whole or part of the Participating Interest of a party in accordance with the provisions of this Deed;

30

- (p) "Participating Interest" in relation to a party hereto means that party's undivided beneficial interest as a tenant in common in the Joint Venture, expressed as a percentage, as specified in Clause

Exhibit 4F - Exhibit "WJH.1"  
to the Affidavit of

5 hereof;

- (q) "Processed Product" means the marketable product produced from the development of the Subject Minerals;
- (r) "the Project" includes all Exploration development and all other operations and activities undertaken in pursuant of or for the purposes of this Deed and, without limiting the generality of the foregoing, includes compliance with and fulfilment of the terms and conditions of the Liontown Leases; 10
- (s) "Related Company" means a corporation which is deemed to be related to another corporation by virtue of sub-section (5) of Section 6 of the Companies Act, 1961 as amended of the State of Queensland;
- (t) "Subject Minerals" means any and all mineral substances of any kind, nature and description, whether metallic or non-metallic;
- (u) "Subsidiary" means a corporation which is deemed to be the subsidiary of another corporation by virtue of sub-section (1) of Section 6 of the Companies Act, 1961 as amended of the State of Queensland; 20
- 5 -
- (v) "Year" means calendar year;
- (w) The expressions "mining lease" and "mining tenement" have the meanings respectively assigned to them in the Act.

Words and expressions denoting the singular number include the plural and vice versa. 30

Words and expressions denoting individual persons include corporations and associations of persons or corporations whether or not incorporated.

2. PRIOR AUTHORITIES AND APPROVALS

- (1) This Deed is subject to and conditional upon the approval of the Supreme Court of NSW, Equity Division, being obtained.

- (2) This Deed is further subject to and conditional upon the following that is to say :-
- (a) the authority of the Reserve Bank of Australia being obtained pursuant to the Banking (Foreign Exchange) Regulations; and
  - (b) the approval of the Minister being obtained where necessary under the Act; and
  - (c) No objection from the Foreign Investment Review Board being received;
- except for the obligation to pay moneys pursuant to paragraph 7(1) (a) should any such authorities and approvals be outstanding at the time for payment of the said moneys.

10

3. COMMENCEMENT

- (1) The Date of Commencement is the date on which this Deed receives the approval of the Supreme Court of New South Wales, Equity Division.
- (2) The Effective Date is the day on which the last to be fulfilled of the conditions specified in Clause 2 hereof is fulfilled and notice thereof is received by the respective applicant.

20

- 6 -

- (3) Within fourteen (14) days of the execution of these presents EEPA shall make applications for the necessary approvals and authorities specified in paragraphs 2(2) (a) (b) and (c) above and the Companies shall make the application for approval specified in paragraph 2(1) above. Such applications shall be diligently pursued and notice of approval or otherwise shall be forwarded to the other parties within fourteen (14) days of receipt by the applicant.

30

4. JOINT VENTURE - SCOPE

- (1) Subject as aforesaid, there is hereby constituted

and established by and between the parties hereto a joint venture for the purposes of the systematic and progressive exploration of the Area and, subject as hereafter in this Deed provided, the systematic and progressive development of the Area by the mining, winning, treatment and processing of Subject Minerals.

- (2) The systematic and progressive exploration and development of the Area shall be carried out in accordance with and subject to the terms and conditions of this Deed. 10
- (3) Unless the parties hereto otherwise agree in writing the Joint Venture shall be limited as aforesaid.
- (4) EEPA shall be and is hereby appointed the Operator of the Joint Venture upon and subject to the terms and conditions of this Deed.

5. INTERESTS OF PARTIES - PARTICIPATING INTERESTS

- (1) Upon and after the Effective Date but subject as hereinafter provided Laverton and NML shall, during the currency of and for the purposes of this Deed, hold the Joint Venture Property in trust for themselves and EEPA as tenants in common in the following Participating Interests, that is to say:- 20

Laverton - Twenty percent (20%)  
NML - Twenty percent (20%)  
EEPA - Sixty percent (60%)

And after the Effective Date EEPA shall hold any joint venture property acquired by it or transferred to it in trust for itself and the Companies as tenants in common in the Participating Interests set out above. 30

- 7 -

- (2) The above Participating Interest may be modified from time to time as hereinafter provided.
- (a) if EEPA terminates this Deed pursuant to



Clause 12 hereof; or

- (b) if this Deed otherwise comes to an end pursuant to Clause 22 hereof.

then and in any such event EEPA's said Participating Interest shall thereupon pass to Laverton and NML in proportion to their respective Participating Interests as at such date of termination on the date which this Deed comes to an end beneficially freed and discharged from all liens, claims and encumbrances whatsoever. EEPA shall, when required by either of the Companies by notice in writing so to do, make, do, execute and perform all deeds, documents, instruments, acts, matters and things necessary or requisite to give effect thereto and shall pay or bear all costs, charges and expenses (including stamp duty) necessarily incurred by the Companies or either of them by reason thereof.

10

6. GRANT TO EEPA

20

In carrying out its duties as Operator EEPA shall have and the Companies hereby grant to EEPA upon the terms and conditions hereinafter set forth the sole and exclusive right, privilege and licence by itself, its servants, agents and contractors in accordance with good mining industry practice -

- (a) to prospect, search and explore the Area for Subject Minerals for the purposes of this Deed;
- (b) subject to the provisions of the Act and to the conditions of the Liontown Leases to carry on such operations and execute such work as may be necessary or requisite for those purposes; and
- (c) generally, to exercise all or any of the rights, liberties and privileges conferred by virtue of the grant of the Liontown Leases, or any one or more of them.

30

7. OBLIGATIONS OF EEPA

- (1) Subject to Clause 12 EEPA shall pay the following amounts to the Companies on or before the following dates:
- (a) (i) A total of \$200,000 together with the sum of \$100 specified in Clause 11 hereof on or before the expiration of fourteen (14) days after the date on which approval of this Deed is given by the Supreme Court of New South Wales. 10
- (ii) Payment of the sum of \$200,100 aforesaid shall be paid as to \$100,050 to the Provisional Liquidator or Liquidator of Laverton and as to \$100,050 to the Provisional Liquidator or Liquidator of NML provided that in the event that there be no Provisional Liquidator or Liquidator of Laverton or NML then such moneys as aforesaid shall be paid to Laverton and NML respectively at the addresses appearing in Clause 26 hereof and it is agreed and declared that any moneys so paid shall subject to any Order of the Court to the contrary be impressed with a charge in favour of the Provisional Liquidators of Laverton and NML respectively pursuant to the provisions of Rule 50(4) of the Companies Rules of the State of New South Wales. 20 30
- (b) \$100,000 on the second anniversary of the Effective Date;
- (c) \$100,000 on the third anniversary of the Effective Date;

- (d) \$100,000 on the fourth anniversary of the Effective Date;
- (e) \$100,000 on the fifth anniversary of the Effective Date;
- (f) \$100,000 on each successive anniversary of the Effective Date until the of Mine production date.

- 9 -

10

Each of the payments specified in paragraphs (b), (c), (d), (e) and (f) hereof shall be paid as to 50% to Laverton and as to 50% to NML and each of them to the addresses appearing in Clause 26 hereof or as notified accordingly.

- (2) Subject to Clause 12 hereof EEPA shall, expend on Exploration in and upon the Area during the phases specified in the left hand column hereunder the sum specified opposite that period in the right hand column hereunder, that is to say:-

20

	<u>Phase</u>	<u>Expenditure</u>
(a)	Twelve (12) months after the Effective Date (Phase 1);	\$A.300,000
(b)	Twelve (12) months after the first anniversary of the Effective Date (Phase 2);	\$A.300,000
(c)	Twelve (12) months after the second anniversary of the Effective Date (Phase 3);	\$A.400,000
(d)	Twelve (12) months after the third anniversary of the Effective Date (Phase 4);	\$A.500,000
(e)	Twelve (12) months after the fourth anniversary of the Effective Date (Phase 5);	\$A.750,000
(f)	Twelve (12) months after the fifth anniversary of the Effective Date (Phase 6);	\$A.750,000

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(g) (i) During each succeeding twelve (12) month period following the sixth (6th) anniversary of the Effective Date EEPA shall spend on Exploration in and upon the Area such amount as shall satisfy any statutory requirements and if a feasibility study has not been commenced under 10 Clause 8 hereof such additional amounts as shall be necessary to diligently lead to the commencement of such study.

(ii) Where any question arises as to the amounts to be spent pursuant to this paragraph 7 (2) (g) the same shall be decided by the parties and in the absence of agreement thereon by the President for the time being of the Australasian Institute of Mining and Metallurgy and if there be no President by the Chief Executive Officer of the 20

- 10 -

said Institute and if any such person be unable or unwilling to act then by his nominee. In reaching this decision the President or other officer or nominee shall be acting as an Expert and not as an Arbitrator. Such decision shall be final as between the parties and in the absence of any other reference in such decision the costs of the referral shall be borne equally by the parties. 30

PROVIDED THAT EEPA may, if it thinks fit, so expend in any of the abovementioned periods any amount in excess of the amount so required to be expended and in that event the amount of the

excess shall be carried forward and credited against the amount required as aforesaid to be expended by EEPA in the next succeeding period(s) of twelve (12) months.

- (3) In relation to the period of twelve (12) months specified in paragraph (a) of the last preceding sub-clause, if for any reason EEPA fails to expend on Exploration any part of the said sum of Three hundred thousand dollars (\$A.300,000.00) during the period of twelve (12) months after the Effective Date, or such further or other period as the parties may agree in writing, EEPA shall pay the balance of the amount remaining unexpended to the Companies in equal shares. Such payment shall satisfy EEPA's obligations under Clause 7 (2) (a) hereof.

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- (4) In computing EEPA's expenditure on Exploration for the purposes of this Clause there shall be included therein in accordance with the Accounting Procedure -
- (a) all payments made by EEPA pursuant to Clause 14 hereof;
  - (b) all moneys paid directly or indirectly by EEPA to the State of Queensland or to any Department thereof by way of rentals in respect of the Leases or any of them or to any municipal or other local governmental authority by way of municipal rates or like payments in respect of the Area or any part thereof, the Leases or any of them.

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- (c) All other costs and expenses concerning the feasibility study and associated metallurgical test work and if necessary expenditure on development, including plant and equipment to satisfy the obligation on EEPA to expend the sum of three million dollars on the Project.

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8. FEASIBILITY STUDY & METALLURGICAL TEST WORK

EEPA shall during the currency of this Deed (and EEPA shall commence such feasibility study and test work as soon as exploration results reasonably justify such work and shall diligently pursue such study and test work until a decision pursuant to Clause 15 hereof can be made) by itself, its servants, agents or contractors, undertake, carry out, complete and furnish to the Companies a feasibility study and metallurgical test work in respect of the Subject Minerals contained in the Area. The said study and test work shall be of a professional standard normally acceptable to financial institutions in Australia as a basis for the provision of finance for the development of a mine to the stage where production can be commenced. In determining the suitability or otherwise of such feasibility study and tests the parties shall agree or in the absence of agreement the provisions of paragraph 7 (2) (g) (ii) above shall apply mutatis mutandis.

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9. THE COMPANIES' RIGHTS OF ELECTION

- (1) When EEPA has pursuant to Clause 7(2) hereof expended on Exploration the sum of Three million dollars (\$A.3,000,000.00) it shall, by notice in writing, inform each of the Companies thereof. Either or both of Laverton or NML shall be entitled at any time during the period of Sixty (60) days after the

date of receipt by them of that notice to elect by notice in writing to EEPA not to contribute to the further funds required for the purpose of Exploration for the Joint Venture but in lieu thereof to be carried by EEPA in respect of the contribution of their respective Participating Interests, of the further funds so required.

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- (2) Where either Laverton or NML exercise their right of election pursuant to sub-clause (1) EEPA shall itself contribute the non-contributing party's proportion, in accordance with the respective Participating Interest, of the further funds required for the purposes of the Joint Venture. All amounts so contributed by EEPA shall be at its sole risk and expense.
- (3) Notwithstanding an election under Clause 9 (1) above the parties shall maintain their respective Participating Interests as at the date of notice of election but there shall thereupon be deemed to be created a conditional liability.
- (4) EEPA may recover and be reimbursed for such conditional liability from the mine cash flow attributable to the respective Participating Interests. In the event of mine cash flow there shall be applied to the credit of EEPA eighty percent (80%) only of such portion of mine cash flow after allowing for the government royalties and income tax which would otherwise notionally be paid by such non contributing party in respect of its Participating Interest share of such mine cash flow, until the following amounts are applied to the credit of EEPA :-
  - (a) an amount equal to the total of the sums contributed by EEPA during each 12 month period

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pursuant to sub-clause 2 above together with  
(b) an incremental amount equivalent to compound  
interest at the rate of 15% per annum com-  
pounded on 12 monthly rests applied to each of  
the sums contributed by EEPA pursuant to sub-  
clause 2 hereof.

PROVIDED THAT the said conditional liability is  
repayable by the Companies ONLY as aforesaid and in  
the event that EEPA terminates this Joint Venture  
pursuant to Clause 12 hereof or in the event that  
a mine is never developed then the whole of the  
conditional liability is extinguished and the  
Companies shall never be liable to reimburse any  
moneys expended under the provisions of this Deed  
but this proviso does not extend to the obligations  
under Clause 16 (2) (g).

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(5) In lieu of repaying from portion of mine cash flow  
any non-contributing party may at any time by notice  
in writing to EEPA and upon payment to EEPA in full  
of the contingent liability to EEPA under sub-clause  
(3) hereof together with interest thereon as afore-  
said elect to contribute to the further funds re-  
quired for the purposes of the Joint Venture in  
proportion to its Participating Interest.

10. CONTRIBUTION BY PARTIES

Subject to the provisions of Clauses 9, 15(3) and 15(4)  
hereof, when EEPA has pursuant to Clause 7 hereof com-  
pleted the expenditure on Exploration in and upon the  
Area of the sum of Three million dollars (\$A.3,000,000.00)  
all further funds required for the purposes of the Joint  
Venture shall be contributed by the parties hereto in  
proportion to their respective Participating Interests as  
invoiced by the Operator in accordance with the Accounting

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Procedure.

11. PROSPECTING INFORMATION MEETINGS AND REPORTS

- (1) Within fourteen (14) days after the Effective Date the Companies shall furnish to EEPA for the sum of One hundred dollars (\$A.100.00) copies of all prospecting information in their possession or under their control in relation to the Area and shall transfer to EEPA deductions to the same amount in respect of the said prospecting information pursuant to Section 122B of the Income Tax Assessment Act 1936. 10
- (2) EEPA shall, when required so to do pursuant to the provisions of the Act or otherwise, furnish such reports as may be required to the Minister or other competent officer of the Department of Mines, Brisbane. EEPA shall furnish to the Companies a copy of each such report.
- (3) In addition to copies of reports under sub-clause (2) above EEPA shall furnish quarterly or at the time of preparation if more frequently prepared for its own use reports and budgets to the companies of all exploration work and expenditure thereon. Such reports and budgets shall be furnished within one month of the end of each quarterly period and shall include all geological geophysical and geochemical information available at the time. Where the results of any study or exploration project are not available 20 30

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at the end of any quarter EEPA shall supply copies of such results as soon as reasonably practicable after the same becomes available. EEPA shall use its best endeavours to answer fully all enquiries which the Companies or either of them may make concerning such reports and information.

- (4) In addition to such reports the Companies may at their own expense on reasonable notice and at all reasonable times examine and make copies of all and any records, reports, accounts, maps, plans, logs, surveys and other books of correspondence and documents and interpretations thereof under the control of EEPA relating to the Area. 10
- (5) The Participants shall each appoint a Representative and give notice thereof to the others. By like notice, each Participant may at any time substitute another person as its Representative and may designate one or more alternate Representative, any one of whom may act in the absence of the person whose alternate he is. Each Representative may have present at any meeting of Representatives such advisers as he deems necessary. The Chairman of a meeting of Representatives shall be EEPA's Representative, unless otherwise agreed. 20
- (6) The Parties shall control and on their behalf the Representative shall supervise the Joint Venture. The Operator shall carry out its duties under this Deed pursuant to such supervision. In addition to the powers and duties which are enumerated elsewhere and are implicit herein, the Representatives shall have the following powers :
- (a) To establish policies from time to time governing various aspects or activities of the Joint Venture; 30
  - (b) To review and if satisfied approve the Programmes and expenditure budgets submitted to it pursuant to this Deed and in particular pursuant to Clause 11(3) hereof;
  - (c) To determine production schedules, all matters

pertaining to the Leases affecting the Joint Venture and all such other matters as may be referred to them by a Participant that may otherwise arise from time to time pertaining to the Joint Venture.;

- (d) To appoint and disband advisory groups, having as far as possible, equal numbers chosen by each Participant, to advise them on such matters as may be referred to such groups by the Representatives. 10
- (7) Representatives shall meet quarterly to review the Operations for the preceeding quarter and Operations proposed for the next succeeding quarter. Additional meetings may be convened by a Participant at any time. Each of the Participants shall receive not less than 21 days' written notice of each meeting stating the time and place of the meeting and the agenda. Items not contained in such agenda may not be considered unless the Representatives agree. 20
- (8) A resolution in writing signed by the Representatives or agreed to by telex shall be as valid and effectual as a resolution passed at a meeting of Representatives. Any such resolution may consist of several documents in like form each signed by one or more Representatives.
- (9) In exercising a vote whether on a show of hands or on a Poll the Representatives shall be deemed to have that number of votes equal to the Participating Interest which he represents expressed as a percentage of the total Participating Interests AND in the case of an equality of votes the Operator shall have a casting vote. 30

12. TERMINATION BY EEPA

- (1) When EEPA:-

- (a) has completed the payment of Two hundred thousand one hundred dollars (\$200,100) pursuant to sub-clause 7(1) (a) above; and
- (b) has completed expenditure on Exploration of Three hundred thousand dollars pursuant to sub-clause 7(2) (a) or otherwise complied with sub-clause 7(3), as to shortfall;

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then, on giving not less than thirty (30) days notice in writing to the other parties of its intention to terminate, with such notice expiring on the first 12 month anniversary of the Effective Date, EEPA may terminate this Deed on the first 12 month anniversary of the Effective Date.

- (2) Where EEPA has not given notice under Clause 12(1) then in respect of the second 12 month period following the Effective Date EEPA shall not less than 30 days prior to the first anniversary of the Effective Date give notice to the Companies of its intention to commence phase 2 of Exploration, failure to give notice shall be deemed to be acceptance of EEPA's obligations in Phase 2. 20
- (3) In any succeeding 12 month period (including phase 2) where EEPA has :
  - (a) completed its respective obligation under Clause 7(1) and
  - (b) has also completed its respective obligation 30 under Clause 7(2) then on giving not less than thirty (30) days notice with such notice expiring on the day before the respective anniversary date EEPA may terminate this Deed on the day before the anniversary of the Effective Date next occurring.
- (4) In any such 12 month period where EEPA has exceeded

its obligations under Clauses 7(1) and 7(2) in respect of that phase such excess shall not prevent EEPA giving notice under Clauses 12(1) or 12(3) hereof.

- (5) If EEPA terminates this Deed pursuant to this Clause its undivided beneficial interest hereunder in the Joint Venture Property shall thereupon pass beneficially to the Companies in proportion to their then respective Participating Interests as at the date of EEPA's Notice under subclause 12 (1) above and EEPA shall, when required by the Companies so to do, make, do, execute and perform all deeds, documents, instruments, acts, matters and things necessary or requisite to give effect thereto and shall pay or bear all costs, charges and expenses (including stamp duty) necessarily incurred by reason thereof.

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13. APPLICATION FOR LEASES

- (1) EEPA shall be entitled from time to time and at any time during the currency of this Deed by notice in writing to require the Companies to make and thereupon the Companies shall, make application for and do all acts, matters and things necessary to obtain the grant of mining leases, special leases and other mining or prospecting titles or authorities under the Act over and in respect of such part or parts of the Area as EEPA may specify.
- (2) Whenever during the term of this Deed it is necessary by reason of the provisions of the Act or otherwise to apply for and take up a new or other form of lease, authority, permit or other right; whether by way of addition to the Leases or any of them in whole or in part; then and in any such event EEPA shall, subject

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to the Act, have the sole right to determine parts to be so applied for and taken up under such new or other form of lease, authority, permit or other right as the case may be.

- (3) (a) During the currency of this Deed all applications for mining or prospecting titles made pursuant to the preceding provisions of this Clause and all mining leases, special leases and other mining tenements or prospecting titles issued or granted in satisfaction thereof shall be held by the party or parties in whom or in which the legal title is from time to time vested in trust for the parties hereto for their respective rights and interests therein under this Deed. 10
- (b) None of the parties hereto shall apply for any mining lease, special lease or other mining tenement or prospecting title in respect of the Area or any part thereof except in accordance with the preceding provisions of this Clause PROVIDED THAT in respect of any part or parts of the Area the parties hereto, or any of them, shall be at liberty to apply for a lease, authority, permit or other prospecting or mining title as they or either of them may think fit. In the event of any such application being 20 30

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granted to one of the parties hereto that party shall within seven (7) days thereafter give to the other parties written notice thereof. Within a period of sixty (60) days thereafter, the parties hereto shall determine whether the lease, authority, permit or other title shall

be held for the purpose of this Deed by the said party in trust for the parties hereto for their respective rights and interests hereunder. If it is determined that the lease, authority, permit or other mining title be so held in trust as aforesaid the party applying therefor shall thereupon hold the same in trust for the parties hereto as aforesaid. The party or parties not applying for the said lease, authority, permit or other mining title shall within thirty (30) days after the date of the said determination pay to the other party their respective shares (in proportion to its Participating Interest) of the costs, charges and expenses necessarily incurred by that other party in making the said application. 10

14. MAINTENANCE OF TITLES

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- (1) Subject to the provisions of the Act, EPPA shall during the currency of this Deed do and perform or cause to be done and performed all such acts, matters and things which may be necessary or requisite to maintain the Leases and each of them in full force and effect including, but without limiting the generality of the foregoing -
- (a) payment of all rentals and fees payable under the Leases and each of them;
  - (b) subject to the provisions of Clause 7 hereof, the disbursement as Operator of all funds required to be expended to comply with the minimum expenditure conditions (if any) applicable to or in respect of the Leases; 30
  - (c) the furnishing of all reports required to be furnished pursuant to the provisions of the Act.

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- (2) For the purposes of this Clause and Clause 13 hereof the Companies hereby irrevocably make, constitute and appoint EEPA their true and lawful attorney during the currency of this Deed in their names and as their attorney to make, do, execute and perform all such acts, matters, deeds, documents, instruments and things as may be necessary or requisite to be made, done, executed or performed in or in connection with the maintenance of the Leases in full force and effect, compliance with the terms, conditions and provisions of the Act and the Leases and the making of any application for and obtaining the grant of any mining lease, special lease or other prospecting or mining title in relation to the Area. 10

15. DEVELOPMENT

- (1) Within a period of One hundred and twenty (120) days after completion of the feasibility study required by virtue of Clause 8 hereof to be prepared or within such further period as the parties may agree in writing, EEPA shall, if it is satisfied that final development as hereinafter defined of one or more mineral deposits within the Area should proceed, notify the Companies by notice in writing (hereafter called "the notice of final development"). EEPA shall furnish with the notice of final development a prospect evaluation which shall encompass the development, transportation and shipment of the minerals to be mined including:- 20 30
- (i) mine development and operation;
  - (ii) ore treatment and handling at the mine;
  - (iii) transportation of ore and operating supplies;  
and
  - (iv) power, fuel and water supplies;



together with reasonable evidence demonstrating that it would be practicable for each of the parties to make suitable separate arrangements to market or otherwise use or dispose of its or their share in proportion to its or their Participating Interest of the ore or minerals proposed to be produced.

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The said prospect evaluation shall also include a programme and capital budget which shall comprise:-

- (i) an itemised budget of capital expenditure;
- (ii) an itemised forecast specifying operating expenditures;
- (iii) itemised estimated cash requirements and expenditures;
- (iv) details of any construction programme; and
- (v) itemised estimated of production of Subject Minerals.

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(2) For the purposes of this Deed:-

- (a) the lands specified in a notice of final development are hereinafter referred to as "the development area";
- (b) the expression "final development" includes the preparation of the development area for mining operations, the mining, winning, extracting and processing of Subject Minerals therefrom, and all development operations necessary therefor or related thereto including but without limiting the generality of the foregoing -
  - (i) mine development and operation;
  - (ii) treatment and handling of Subject Minerals and Processed Product at the mine;
  - (iii) transportation of Subject Minerals, Processed Product, and operating supplies;

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- (iv) construction and operation of the processing plant;
  - (v) housing and allied infrastructure;
  - (vi) power, fuel and water supplies.
- (3) In addition to the rights of election in respect of exploration expenditure contained in Clause 9 above Laverton and NML shall each have the right to be exercised at any time during the period of ninety (90) days after the date of receipt by them of the notice of final development or a notice from EEPA under Clauses 16(2) (c) or 16(2) (f) hereunder not to contribute to the further funds required for the purposes of the Joint Venture including capital costs of establishing any mine and also including any
- 21 -
- start-up losses incurred until the first six (6) months after the mine production date of mine operation and in lieu thereof to be carried by EEPA in respect of the contribution of their respective proportions in accordance with their respective Participating Interests with regard to the further funds so required. The provisions of sub-clauses 9(2), 9(3), 9(4) and 9(5) shall apply to this right of election and any decision to thereafter contribute.
- (4) In lieu of electing not to contribute the further funds required for the purposes of the Joint Venture and to be carried therefore by EEPA as provided in Clause 15(3) above either or both of Laverton or NML may within ninety (90) days after the date of receipt by them of the notice of final development or a notice from EEPA under clause 16(2) (c) or 16(2) (f) elect by notice to EEPA within that time to convert the whole of their respective Participating Interests in

the project specified in the notice of final development to a Net Profits Interest as that term is described in Clause 35 herein.

- (5) When either or both of Laverton or NML elect under Clause 15(4) above to convert to a Net Profits Interest they shall be respectively entitled thereafter to a two and one half percent (2½%) interest each in the Net Profits Interest as aforesaid. 10
- (6) Where either or both of Laverton or NML elect to convert their Participating Interest to a Net Profits Interest as aforesaid they shall thereupon cease to be liable to make any further payment or to contribute any further funds for the purpose of this Deed in respect of the project specified in the notice of final development.
- (7) Whenever EEPA delivers a notice of final development under Clause 15(1) or an Alternate Development Proposal as hereinafter described is approved pursuant to Clause 16(2) (c) or 16(2) (f) the provisions of Clause 28 to 35 inclusive shall apply to the project specified in the notice of final development subject always to the provisions of Clause 28 hereof. The development area subject to the Clauses aforesaid 20

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shall be described in detail in an Exhibit "A" attached to and made part of the notice of final development. 30

- (8) (i) If either or both of Laverton or NML have not exercised their rights of election not to contribute the further funds required for the parties of the Joint Venture and to be carried therefore by EEPA or to convert the whole of their respective Participating Interests in

the project to a Net Profits Interest as herein provided they shall within 120 days after the date of the notice of final development give notice to EEPA of their intention to contribute the further funds required in proportion to their then respective Participating Interests as at the date of the notice of final development. 10

- (ii) If either or both of Laverton or NML fail to give notice under paragraph (i) above they shall on the expiration of such 120 days be deemed to have elected to convert the whole of their respective Participating Interests to an interest in the Net Profits of the Project as if they had made such election pursuant to Clause 15(4) hereof and the provisions of Clauses 15(5), 15(6) and 35 herein shall apply. 20

16. FAILURE BY EEPA TO DEVELOP

- (1) Where EEPA does not give the notice of final development specified in sub-clause 15(1) within the time therein specified or if within that time EEPA gives written notice to the Companies that it has decided not to mine then the following provisions of this clause shall apply subject to EEPA's prior right to terminate in Clause 12 hereof and also subject to any party's right to transfer as set out in clause 24 hereof. 30

- (2) (a) Any other party to this Deed may at any time while this Deed remains in force serve written notice on the other parties of its own comprehensive proposal for mine development of some part or parts or the whole of the Area. Such notice is hereinafter called the "Alternate Development Proposal".

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- (b) An Alternate Development Proposal shall be feasible and realistic having regard to the feasibility study and in accordance with good and proper industry practice. Such Alternate Development Proposal shall contain a prospect evaluation otherwise in accordance with sub-clause 15(1) above. If there is any disagreement as to such Alternate Development Proposal being feasible and realistic then the question shall be referred to the President for the time being of the Australasian Institute of Mining and Metallurgy and if there be no President, by the Chief Executive Officer of the said Institute and if any such person be unable or unwilling to act then by his nominee. In reaching this decision the President or other officer or nominee shall be acting as an Expert and not as an Arbitrator. Such decision shall be final as between the parties and in the absence of any other reference in such decision the costs of the referral shall be borne equally by the parties. 10 20
- (c) Where a party elects to join in such Alternate Development Proposal it shall serve written notice of that election on the other parties to this Deed and the provisions of sub-clauses 15(4) 30 (5) (6) (7) and (8) hereof shall apply as from the date of receipt of such notice by the other parties.
- (d) At any time after delivering an Alternate Development Proposal either Laverton or NML or both of them may, if EEPA has not served written notice of its election under paragraph 16(2) (c)

above serve on EEPA or any other party written notice of that or a third party's intention to proceed with development according to the Alternate Development Proposal and of that or a third party's intention to acquire EEPA's or any other party's Participating Interest.

- (e) The cost of acquiring EEPA's Participating Interest under paragraph 16(2) (d) shall be the total sum of:- 10

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- (i) All payments made under sub-clause 7(1) above less six hundred thousand dollars (\$600,000) plus
- (ii) EEPA's Participating Interest share of joint venture expenditure over and above the amount of Three million dollars (\$A.3,000,000) plus; 20
- (iii) All expenditure incurred by EEPA for or on behalf of Laverton or NML or both pursuant to sub-clauses 9(1) 9(2) and 15(3) above with interest thereon as provided in Clause 9(4) and not recouped by EEPA as at the date of the notice under paragraph 16(2) (d) above;

Such sums expended but excluding any interest paid or payable to EEPA during each calendar year shall be escalated to present value as at the date of such notice by multiplication by the following fraction : 30

$$\frac{A}{B}$$

where A is the consumer price index - all groups, weighed average for six state capital cities published by the Australian Bureau of

Statistics or any index which replaces the same at the date of notice pursuant to Clause 16(2) (d) above, and B is the consumer price index - all groups weighed average for six state capital cities published by the Australian Bureau of Statistics or any index which replaces the same for the June quarter of the calendar year of expenditure. 10

(ea) The cost of acquiring any other party's interest, if that interest has been transferred to EEPA pursuant to Clause 24, shall be in accordance with (e) above, or if otherwise the payments made by that party in accordance with Clause 10 hereof.

(f) EEPA or any other party may at any time within 30 days following receipt of notice under paragraph 16(2) (d) give notice of their election to join in the Alternate Development Proposal or exercise their rights of assignment pursuant to Clause 24 hereof. 20

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(g) Where EEPA or any other party does not give a notice under paragraph 16(2)(f) nor exercise their rights of assignment under Clause 24 hereof then they shall transfer their Participating Interest as required by the notice given under paragraph 16(2)(d) above subject to the provisions of sub-paragraphs 16(2)(e)(i) and 16(2)(e)(ii) above being fulfilled and also in the case of EEPA subject to satisfactory arrangements being made for the repayment to EEPA of the amount specified in sub-paragraph 16(2)(e)(iii) in accordance with sub-clause 9(4) above. Such payment and arrangements shall be made 30

within sixty (60) days of the expiration of the  
thirty (30) day period referred to in paragraph  
16 (2)(f) above.

17. CONTINUANCE OF THIS DEED

Whenever a notice of final development or an Alternate Development Proposal becomes effective hereunder in respect of any part or parts of the Area but less than the whole thereof, 10  
this Deed shall, subject as herein provided, remain in full force and effect in respect of all lands within the Area which are not included in a development area. Notice of final development may be given in respect of all or any part of such lands and if so given Clauses 29 to 35 inclusive shall apply subject always to Clause 28 hereof and otherwise in accordance with the provisions of this Deed. Notwithstanding this provision the remaining clauses of this Deed shall apply in so far as the context admits to the development area.

18. WAIVER OF PARTITION

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Each of the parties hereto waives, during the currency of this Deed, any right which it or they may have in relation to the other or others for the partition of the Leases or any of them or the partition of any personal property in which it or they have or may have an undivided interest under this Deed subject to the provisions of Clause 30 hereof.

19. ACCOUNTING PROCEDURE

The parties hereto hereby agree that all the terms, conditions and provisions of the Accounting Procedure set out in the First Schedule hereto (hereinafter called "the Accounting Procedure") are hereby incorporated in and hereby made a part of this Deed. 30

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20. FORCE MAJEURE

- (1) If either party is unable by reason of force majeure whether wholly or in part to carry out its or their obligations under this Deed or any of them, that party



shall give to the other prompt written notice of the force majeure specifying full particulars concerning the same and thereupon the obligations of the party giving such notice shall, to the extent to which they are affected by the force majeure, be suspended during but no longer than the continuance of the force majeure. The party so claiming force majeure shall use all due diligence to remove that force majeure as quickly as possible so far as it or they is or are able so to do. 10

(2) The requirement that force majeure shall be remedied with all due diligence shall not require the settlement of strikes, lockouts, bans or other labour difficulty by the party involved contrary to its or their wishes and that party shall have sole discretion as to the manner in which that strike, lockout, ban or other difficulty shall be handled. 20

(3) The expression "force majeure" as used in this Clause include act of God, strike, lockout, ban or other industrial disturbance, act of the public enemy, civil commotion, war, blockade, riot, lightning, fire, storm, flood, washout, explosion, governmental restraint or any form of governmental intervention, unavailability of equipment and any other cause, whether of a kind specifically enumerated above or otherwise, which is not reasonably within the control of the party alleging the existence of force majeure. 30

21. FURTHER ASSURANCE

The parties hereto hereby covenant each with the other that-

(a) they will at all times and from time to time hereafter do all such further acts and execute and deliver all such further deeds, documents and instruments as

shall be necessary or requisite in order fully to perform and give effect to and carry out the terms of this Deed; and

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- (b) subject always to the provisions of the Act, they will not knowingly do, permit or suffer to be done any act, matter or thing whereby the Leases or any of them may be forfeited, cancelled, rendered liable to forfeiture or cancellation or be otherwise jeopardised. 10

22. TERM

- (1) This Deed shall, unless terminated by EEPA pursuant to Clause 12 hereof or by the Companies pursuant to this Clause continue in full force and effect for so long as the Liontown Leases or anyone or more of them remain or remains in force and EEPA observes its obligations under the provisions hereof. If EEPA fails to observe the provisions of this Deed on its part to be observed or any of them then and in any such event the Companies may by notice in writing to EEPA specifying the default complained of require EEPA to remedy that default within a period of sixty (60) days after the date of that notice. If EEPA fails to remedy that default within the said period of sixty (60) days the Companies may thereupon by notice in writing to EEPA, terminate this Deed and the provisions of Clause 5 shall thereupon apply. 20 30
- (2) Upon the expiration of the term of this Deed or its sooner determination, the respective rights, powers, duties, liabilities and obligations of the parties hereunder shall absolutely cease and determine except in respect of any accrued right of action which one party may have against the other of them for

breach of this Deed or for moneys due and payable  
hereunder but unpaid.

23. DISPUTES

Any dispute or difference between the parties hereto with  
respect to any costs, charge or expense incurred under this  
Deed or the Accounting Procedure shall be referred at the  
request of either of the parties to an Accountant agreed 10  
upon by the parties or, in default of agreement, nominated  
by the President of the Institute of Chartered Accountants,  
Australia, whose decision shall be final and binding on  
the parties and in reaching such decision that Accountant  
shall be deemed to be acting as an expert and not as  
an arbitrator.

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24. ASSIGNMENT

- (1) Subject to the succeeding provisions of this Clause,  
none of the parties hereto shall transfer, assign, 20  
sell, part with the benefit of or otherwise dispose  
of, deal with or attempt so to do, the whole or any  
part of its Participating Interest without the prior  
written consent of the others, which consent shall not  
be unreasonably withheld.
- (2) If a party (hereinafter called "the Offeree") receives  
from a third party (hereinafter called "the Offeror")  
a bona fide offer for the purchase by the Offeror of  
all or any portion of its Participating Interest and  
it desires to accept that offer, the Offeree shall 30  
give written notice thereof to the other parties to  
this Deed not less than Ninety (90) days prior to the  
date proposed for the completion of such purchase.  
The said notice shall set forth the identity of the  
Offeror, the terms and conditions offered, the  
consideration (which may be a monetary sum only),  
and all other material particulars. For a period of

Sixty (60) days next following the receipt of that notice the other parties to this Deed shall have the option to purchase the Participating Interest or part thereof proposed to be sold, as the case may be, on the same terms as those offered by the Offeror in the said offer. If within the said period of Sixty (60) days the other party fails to exercise the said option to purchase, the sale to the Offeror may be made at the price and under the terms and conditions set forth in the said offer subject to all necessary consents or approvals being obtained under all applicable laws. 10

- (3) If a Participant receives from a third party, (hereinafter in this subclause called "a Lender") a bona fide offer to lend moneys required by that Participant to enable it to participate in the Project and the Lender requires that the loan be secured by a lien or encumbrance against that Participant's Participating Interest, then in any such event that Participant shall give written notice thereof to the other Participants not less than Fifteen (15) days prior to the date proposed for the completion of the loan. The said notice shall set forth the identity of the Lender, the terms and conditions offered and all 20

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other material particulars. For a period of Fifteen (15) days next following the receipt of that notice, the other Participants shall have the option to make a loan on the same terms as those offered by the Lender. If within the said period of Fifteen (15) days the other Participants fail to exercise the said option to make a loan then the firstmentioned Participant shall be at liberty to accept the loan 30

on the terms and conditions set out in the said offer subject to all necessary consents or approvals being obtained under all applicable laws.

- (4) Any party may, without the prior written consent of the other sell, transfer, assign or otherwise dispose of its or their Participating Interest in whole or in part to a Related Company or to a Subsidiary. 10
- (5) Any sale, transfer, assignment or other disposition of a Participating Interest in whole or in part pursuant to this Clause shall be made expressly subject to this Deed and upon the express condition that the transferee, assignee or other disponent thereunder shall agree to assume and shall by Deed assume all obligations, liabilities and duties of the transferor or assignor hereunder with respect to the Participating Interest or part thereof thereby transferred, assigned or otherwise disposed of but no such transfer, assignment or other disposition shall, unless otherwise agreed, operate to relieve the transferor, assignor or disponent of any liability, obligation or duty theretofore accrued under this Deed. 20
- (6) No sale, assignment, transfer, disposition or dealing hereinbefore permitted shall be made except in accordance with and subject to the Act and to such other consents, authorities and approvals as are required by law.

25. GENERAL - TAXATION 30

- (1) The provisions of the Deed shall not be construed so as to deny to EEPA the right to make any election in respect of the work and operations to be carried out under this Deed or the expenditures that are to be incurred in such work and operations to which EEPA would otherwise be entitled pursuant to the income tax

- 30 -

law of the United States of America nor to constitute an election thereunder. Whether an election shall be made to have the Joint Venture excluded from the provisions of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 shall be determined by EEPA in respect of any calendar year. 10

- (2) Nothing contained in this Deed shall be construed so as to constitute either party a partner of the other party hereto or to create any mining, commercial or other partnership between the parties under any applicable law of the Commonwealth of Australia or the State of Queensland. Neither party shall have authority to pledge the credit of the other.
- (3) Laverton and NML and each of them agree to do everything necessary to ensure that EEPA obtains the full U.S. tax benefit to the expenditure which it will incur pursuant to this Deed including if reasonably required by EEPA the execution of a U.S. tax partnership agreement in the form annexed hereto as Schedule four (4). In entering such a partnership Deed EEPA warrants that to the best of its knowledge and belief that neither of the Companies shall by reason thereof incur any liability under the income tax law of the United States of America nor as far as EEPA is aware will the Companies suffer any disadvantage under the income tax law of the Commonwealth of Australia. 20 30

26. NOTICES

A notice authorised or required to be given by or under any of the provisions of this Deed shall be given in writing duly signed by or on behalf of the party giving the notice and addressed to the other party at the

address specified hereunder or at such other address  
as that party may, for the purposes of this Clause,  
from time to time specify by notice in writing to the  
other. Any such notice shall be served either personally  
on a representative of the party to be served designated  
hereunder or by registered mail, postage prepaid and  
marked for advice of delivery, at the said address of the  
party to be served. The designated representatives of the  
parties for so long as they hold office are:-

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- Laverton - The Provisional Liquidator (William  
James Hamilton)
- NML - The Provisional Liquidator (Lawrence  
Brian Hunter)
- EEPA - The Manager for the time being of the  
Coal and Minerals Department of Esso  
Australia Ltd. or other person for the  
time being acting in that position.

20

The addresses for service of the parties hereinbefore mentioned  
are respectively:

- Laverton - C/- "Hamiltons"  
18th Floor  
1 York Street  
SYDNEY NSW 2000
- NML - C/- Wallace McMullin & Smail  
11th Floor  
52 Phillip Street  
SYDNEY NSW 2000

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until such time as the Provisional Liquidators cease  
to hold office and thereafter at the respective  
registered offices of the Companies.

- EEPA - Esso House,  
127 Kent Street,  
SYDNEY NSW 2000.

27. HALO AREA

- (1) The rights herein are subject always to any prior rights in such halo area arising from a certain Joint Venture between EEPA and Electrolytic Zinc Company of Australasia Limited ("EZ") which rights may accrue to EZ dependant upon certain elections to be made by it. Subject to Clause 27(4) hereof EEPA covenants that it will not as from the date of execution of this Deed otherwise diminish its equity or rights in such halo area to the intent that the rights conferred by this Clause may be exercised over the whole of such equity in any halo area mining title. 10

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In this Clause -

- (a) "halo area" means all lands which fall within the area between the external boundaries of the Area (as it exists at the date of this Deed) and lines drawn parallel to those external boundaries at a distance of two (2) kilometres; 20
- (b) "halo area mining title" means any mining lease or any other form of title or any interest in any mining lease or other form of title in each case granted or issued under the Act to the extent only to which and insofar only as that mining lease or other title entitles the holder(s) thereof to mine for and win minerals within the halo area. 30
- (2) Each party hereto hereby covenants with the other that if at any time during the period commencing on the date of this Deed and ending at the expiration of the term or sooner determination of this Deed it or any Related Company to or Subsidiary of it holds a halo area mining title it will hold (or will



procure that Related Company or Subsidiary to hold) that halo area mining title in trust for the Joint Venture to the intent that that halo area mining title shall for all purposes of this Deed be deemed to be included in the expression "Liontown Leases" and that portion of the halo area which is comprised in that halo area mining title shall for all purposes of this Deed, other than this Clause, be deemed to be included in the expression "the Area".

10

- (3) If EEPA shall terminate this Deed pursuant to Clause 12 hereof or if this Deed shall come to an end pursuant to Clause 22 hereof or if the Companies shall terminate this Deed pursuant to Clause 22 hereof then unless otherwise agreed, EEPA shall, at the cost and request of the Companies, and subject to all necessary consents and approvals -

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20

- (a) transfer to the Companies all EEPA's right Title and interest in and to every halo area mining title; and
- (b) execute and do all such transfers, assignments, surrenders, other documents and things as may be reasonable and necessary to enable the Companies to obtain such halo area mining title and prospecting titles over the whole or any part of the halo area as shall be specified by the Companies.

30

- (4) If at time during the term of this Deed EEPA proposes to surrender or relinquish the whole or any part of the lands comprised in an Authority to Prospect held by EEPA and any of the lands proposed to be so surrendered or relinquished fall within the halo area, EEPA shall not later than 60 days prior to the date of such surrender or relinquishment give

written notice to the Companies specifying the land within the halo area proposed to be so surrendered or relinquished.

PROVISIONS RELATING TO DEVELOPMENT AREAS AND FINAL DEVELOPMENT

28. DEVELOPMENT APPROVALS

- (1) It is recognised and understood by and between the parties hereto that in the event of a commercial discovery of Subject Minerals being made, development of that discovery will be dependent upon all necessary or requisite approvals and authorities for such development being obtained from the Commonwealth and Queensland Governments and their instrumentalities and upon compliance with the conditions of such approvals and authorities for such development being obtained from the Commonwealth and Queensland Governments and their instrumentalities and upon compliance with the conditions of such approvals and authorities, including (but without limitation) conditions with respect to the degree of Australian equity that may be required to participate in such development. 10
- (2) If after the twenty-second day of December, 1978 (being the date of acceptance by the Companies of EEPA's tender) the Companies assign or either of them assigns an interest in the Joint Venture or they undergo or either of them undergoes any change in ownership or corporate structure which has the effect of increasing the extent of foreign equity of interest 20 30

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in the Joint Venture, then the Companies, their assignee or assignees shall thereupon divest themselves of their equity or interest in the Joint Venture to such extent as may be necessary for the

purpose of obtaining requisite governmental approvals to develop mining areas or of satisfying any other legal requirements PROVIDED THAT EEPA shall not be required to divest itself of its equity or interest in the Joint Venture to an extent greater than would have been necessary if the level of foreign equity or interest had remained the same as it was on the second day of December, 1978. 10

- (3) Subject to the last preceding subclause and to Clause 24 hereof, EEPA shall divest itself of its equity or interest in the Joint Venture to the extent necessary to comply with the requirements of the Governments of the Commonwealth and the State of Queensland applicable at the time when a decision is made to proceed with mine development.

29. FURTHER AGREEMENT

- (1) Where a notice of final development under Clause 15 hereof or an Alternate Development Proposal under Clause 16 hereof is accepted by the Participants the provisions of Clauses 28 to 35 hereof (inclusive) shall in the absence of further agreement apply to the development area specified in the respective notice. Further the Participants shall agree to an appropriate Accounting Procedure relating to operations in the development area. 20
- (2) If as a result of any government approval or authority obtained pursuant to Clause 28 hereof the Participating Interests of the parties are required to be diluted or if the Participants otherwise require the Representatives shall negotiate in good faith in order that the structure of the proposed development will be embodied in an agreement or such further documents as are necessary to effectuate or evidence the arrangements required or agreed upon. 30

- (3) Such an agreement or documents shall embody the terms hereof in so far as they are applicable to that development area or so many of them as are so applicable.

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30. TAKE AND SEPARATELY SELL

- (1) Each of the Participants shall take in kind and separately dispose of its share of Processed Product in proportion to its Participating Interest. If either or both of Laverton or NML fail to take in kind and separately dispose of their respective proportionate shares of Processed Product EEPA shall have the right but not the obligation to sell the same for and on behalf of Laverton or NML at prices and on terms and conditions not less favourable to them than the prices, terms and conditions at that time applicable to sales made by EEPA in respect of its proportionate share of Processed Product PROVIDED THAT the term of any contract made by EEPA for the sale of a Participants' proportionate share of Processed Product shall only be for such reasonable period of time as is consistent with the minimum needs of the industry and in no event shall such term be for a period in excess of Twelve (12) months. 10 20
- (2) All costs, charges and expenses incurred by EEPA in connection with the sale as aforesaid of a Participant's proportionate share of Processed Product shall be borne by that Participant and may be deducted by EEPA from the gross proceeds of the sale thereof. 30
- (3) EEPA as Operator shall, unless the Participants otherwise agree in writing, deliver or cause to be delivered to the Participants the Processed Product to which they are respectively entitled at the

loading port, at the stock pile, or at such other point on the Property as the Participants may from time to time respectively specify.

31. PROGRAMMES AND BUDGETS

- (1) As soon as practicable after the day on which the last of the development approvals under Clause 28 hereof is obtained and thereafter as soon as practicable after the anniversary of such date in each Year EEPA shall prepare and deliver to the Participants a programme of work and capital budget for the next ensuing Year. Each such programme and capital budget shall include on a quarterly basis or on a more frequent basis where such are prepared for EEPA's own use-
- 10

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- (i) an itemised budget of capital expenditure;
- (ii) an itemised forecast specifying operating expenditures; 20
- (iii) itemised estimated cash requirements and expenditures;
- (iv) details of any construction programme; and
- (v) itemised estimates of production of Processed Product.
- (2) Each such work programme and budget may from time to time or at any time be revised or amended by the Participants. 30
- (3) Each such work programme and budget whether as originally prepared or as so revised or amended shall be binding upon the Operator who shall carry on the development, construction, operation and maintenance of the Project pursuant to this Deed in accordance with that work programme and budget.
- (4) The Operator shall make all disbursements in

accordance with the provisions of each such annual work programme and budget whether as originally prepared or as revised or amended from time to time pursuant to this Clause.

- (5) Subject to Clauses 9 and 15 hereof and as hereinafter provided, capital expenditures and operating expenditures shall be borne and paid for by the Participants in proportion to their respective Participating Interests and the Operator shall be entitled to make and shall make calls upon the Participants for the contribution of the funds required for capital expenditures and operating expenditures in proportion to the respective Participating Interests of the parties. 10
- (6) Subject to Clauses 9 and 15 hereof, the Operator shall, unless otherwise agreed in writing, require the Participants to furnish their share in proportion to their Participating Interest of all costs and expenditures in the following manner, that is to say:- 20

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- (a) Not less than Thirty (30) days prior to the commencement of each quarter the Operator shall furnish to the Participants an estimate of the cash expenditures required to be made in each month during that quarter to carry out the work programme then current in accordance with the budget approved in respect thereof. The said estimate shall specify - 30
- (i) the balance then unexpended of the funds, if any, previously furnished by the Participants; and
- (ii) the additional funds to be furnished by the Participants as their share in proportion to their Participating

Interest of the cash expenditures  
required as aforesaid to be made in  
each month during that quarter.

- (b) The Operator may at any time revise the said estimate by notice in writing to the Participants but so as not to exceed the approved budget then current. 10
- (c) The Participants shall within Fifteen (15) days after the receipt of any such estimate pay or cause to be paid to the credit of the Operator's Bank in the State of Queensland their share in proportion to their Participating Interest of the estimated funds required for the first month of that quarter. In respect of each succeeding month during that quarter the Participant shall pay or cause to be paid as aforesaid their share in proportion to their Participating Interest of the estimated funds required therefor not less than Ten (10) days prior to the commencement of that month. 20
- (d) If the Participants fail to pay or cause to be paid as aforesaid their share in proportion to their Participating Interest of the estimated funds required for any month during that quarter the same shall bear interest from the due date until the date of payment at the maximum bank overdraft interest rate for limits not exceeding One hundred thousand dollars (\$A.100,000.00) as prescribed by the Reserve Bank of Australia and current at that time. 30

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32. RIGHTS AND DUTIES OF EEPA AS OPERATOR IN RESPECT OF DEVELOPMENT

- (1) EEPA shall have responsibility for and shall, subject

to the provisions of this Deed, carry out, supervise and control all work and operations required or permitted to be carried out hereunder in relation to the development as specified in the notice of final development or Alternate Development Proposal.

- (2) For the purposes of carrying out the work programmes referred to in Clause 31 hereof EEPA may by itself, 10  
its servants, agents and such independent contractors as it may engage, undertake all or any of the following in accordance with good mining industry practice-
- (i) the custody, maintenance, operation and protection of the property and assets of the Participants hereto in the possession of EEPA as the Operator;
  - (ii) the acquisition of materials, supplies, machinery, equipment and services and other 20  
property necessary or appropriate for or in connection with the said work programmes;
  - (iii) the supervision or direction of such independent contractors as it may engage;
  - (iv) the engagement of such competent experts, advisers, superintendents and engineers as contractors to the Operator as it thinks fit;
  - (v) the engagement of such labour as employees of the Operator and its contractors as it 30  
thinks fit;
  - (vi) the procuring from outside experts and consultants of all necessary or requisite professional services;
  - (vii) the procuring and maintaining of adequate and reasonable insurance including the covering of risks of personal injury to or death of employees or others, risk of fire,



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- public risk and the adjustment of losses and claims pertaining to or arising out of such insurance and, if the Participants so request, the procurement and maintenance of such further or additional insurance as the Participants may request; 10
- (viii) compliance with all applicable laws relating to mining operations, including laws relating to workers compensation, safety and the protection of the environment;
- (ix) the proper disbursement of all funds provided by itself and, where applicable, by the Companies, including payment of all sums payable by EEPA as the Operator with respect to the acquisition of services, supplies, materials, equipment and other property necessary or requisite for use in connection with the said work programmes; 20
- (x) payment on behalf of the Participants of all rentals and other fees, costs, charges and expenses required to be paid for the purposes of maintaining the Leases in full force and effect;
- (xi) the preparation and lodgment of all reports and returns required by law or by the provisions of the Leases to be prepared and lodged by the holder thereof; 30
- (xii) compliance with all and singular the terms, conditions and provisions of the Leases;
- (xiii) to do or refrain from doing all other acts and things necessary or requisite for the proper and efficient conduct of mining operations in and upon the Property for the purposes of this Deed.

- (3) EEPA as the Operator shall at all times during the currency of this Deed be entitled to possession of all materials, equipment, property and assets purchased, constructed or otherwise acquired under, by virtue of, or for the purposes of this Deed.

- 40 -

- (4) EEPA shall as the Operator carry out, discharge and perform all and singular its obligations hereunder and shall carry on mining operations in and upon the development area in a good and workmanlike manner and in accordance with recognised mining methods and practices. 10

33. RIGHTS OF INSPECTION REPORTS

- (1) The Participants, by themselves, their duly authorised servants, agents and representatives and the authorised representatives of any Chargee or Mortgagee of a Participant shall, with the prior knowledge and consent of the Operator, (which consent shall not be unreasonably withheld) be entitled at their own risk and expense to have access at all reasonable times to the development area and to the facilities located thereon and to access to drill cores, sample results, assay reports and technical information relating to production, treatment and processing of Processed Product. 20

- (2) The Operator shall prepare and furnish to the Participants as soon as reasonably possible such records, accounts, reports and other documents as the Participants may reasonably require for the purposes of this Deed, including reports relating to the production, disposition and sale of Processed Product. 30

34. OPERATOR'S LIEN

- (1) Without prejudice to the rights of the Companies

under Clauses 9 and 15 hereof EEPA shall as the Operator have a first lien and charge upon the right, title and interest of the Companies in all production of Processed Product to secure the payment by the Companies of all moneys payable by it to EEPA hereunder. EEPA shall be entitled to deduct the said moneys from any sum or sums due and payable by it to the Companies pursuant to this Deed. 10

- (2) The lien and charge hereby granted shall be in addition to and not in substitution for any other rights or remedies which EEPA as the Operator may have hereunder with respect to the non-payment of any amount owing to it by the Companies.

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- (3) (i) Where under this Deed any sum of money remains owing to EEPA from either Laverton or NML whether in respect of any called sum under Clause 31 or contingent liability for a period of 10 days beyond the due date then EEPA may give notice to the respective defaulting party or parties of its intention to exercise a power of sale over that party's Participating Interest share of mine production. 20
- (ii) Such notice shall give the defaulting party a period of 21 days to correct the default and pay all sums then owing together with interest as provided in this Deed. 30
- (iii) If at the expiration of the 21 day period specified in paragraph (ii) above all or any part of the amount owing remains unpaid EEPA may without being obliged so to do exercise the right to sell so much of the defaulting party's Participating Interest share of mine production as shall be necessary to clear the

debt then due to EEPA.

- (iv) In exercising any power of sale under this Clause EEPA may deduct from the proceeds of sale all costs and expenses of such sale. The power of sale hereby granted shall be in addition to and not in substitution for any other rights or remedies which EEPA may have under this Deed.

10

35. INTERESTS IN NET PROFITS

- (1) If pursuant to Clause 15 hereof the Participating Interest of Laverton or NML is converted, to an Interest in the Net Profits of the Project under this Clause as aforesaid that interest shall be at the percentage rate ascertained in accordance with Clause 15 hereof of the Net Profits of the Project realised annually from the sale of Processed Product ascertained in accordance with the succeeding provisions of this Clause.

20

- (2) In this Clause and in Clauses 15 hereof the expression "Net Profits of the Project" means the amount

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remaining after deducting the total of all costs and expenditures incurred by EEPA and chargeable under normally accepted accounting practice from the total proceeds of the sale of Processed Product.

- (3) The Net Profits of the Project shall be calculated and ascertained in respect of each Year.

30

- (4) If the total of the costs and expenditures chargeable as aforesaid during a Year exceeds the proceeds of the sale of Processed Product during that Year, the resulting net loss shall be carried forward and applied against Net Profits for any succeeding Year or Years.

- (5) If either or both Laverton or NML elect to convert their Participating Interest to an interest in the

Net Profits of the Project as aforesaid, the Companies shall thereupon cease to be a Participant for all the purposes of this Deed except in respect of such rights of audit as are provided by virtue of the normally accepted accounting practice.

36. ENTIRE AGREEMENT

The parties hereto respectively acknowledge that this Deed 10  
constitutes the entire agreement between them and shall  
take effect according to its tenor notwithstanding any  
prior agreement in conflict or variance with it or any  
correspondence or documents relating to the subject matter  
of this Deed which may have passed between the parties  
hereto prior to its execution.

IN WITNESS WHEREOF the parties hereto have executed these  
presents the day and year first hereinbefore written.

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SIGNED SEALED AND DELIVERED for and ) ESSO EXPLORATION AND 20  
on behalf of ESSO EXPLORATION AND ) PRODUCTION AUSTRALIA INC.  
PRODUCTION AUSTRALIA INC. by ) by its Attorney:

its Attorney under Power of Attorney)  
dated the            day of            1979)  
who hereby states that he has no    )  
notice of revocation of the said    ) .....  
Power of Attorney in the presence    )  
of:                                        )

.....

FIRST  
INDEX - SECOND SCHEDULE

ACCOUNTING PROCEDURE

LAVERTON - NML - EEPA

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SECOND SCHEDULE REFERRED TO IN THE AGREEMENT

BETWEEN

LAVERTON NICKEL N.L.

NICKEL MINES LIMITED - of the one Part

AND

ESSO EXPLORATION AND PRODUCTION AUSTRALIA INC. - of the Other  
Part

10

ACCOUNTING PROCEDURE FOR EXPLORATION EXPENSES

PART A. GENERAL PROVISIONS

1. CONFLICT WITH AGREEMENT

In the event of any inconsistency between the provisions of this Accounting Procedure and the provisions of the Deed to which this Accounting Procedure is the Schedule, the provisions of the Deed shall prevail.

The terms "Party" or "Parties" means party or parties to the Deed.

2. RECORDS

20

(1) Operator shall maintain and keep true and correct records in Australian currency of all costs and expenditures incurred under the Deed, all in accordance with generally accepted accounting principles, as well as all other data necessary or proper for the settlement of accounts between the Parties in connection with their rights and obligations under the Deed.

(2) Each Party is responsible for its own accounting records required by law or to support its income tax returns or any other accounting records required by Government authority in regard to the joint operations. To enable each party to record such data on its own books, the Operator will provide the Parties with such accounting data as may be required for any regulatory procedures to which the parties may be subjected as long as such data may be available in accordance with

30

the accounting procedure.

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3. STATEMENTS AND INVOICES

- (1) On or before the 30th day after the end of each month, Operator shall invoice Parties for the proportionate share of expenditures incurred by the Operator on behalf of the joint account during the preceding 10 month. Invoices will be accompanied by statements of all charges and credits to the joint account summarized by appropriate classifications indicative of their nature. Unusual charges and credits will be detailed. Operator shall use its best efforts to provide any information which a party asks for concerning each statement.
- (2) The amount payable to Operator in accordance with the Deed as specified in any invoice issued by Operator shall be due and paid within 30 days after receipt 20 of the invoice.
- (3) Payment will be by telegraphic transfer or cheque at the Operator's option and will be deemed to have been made at the date of posting in the case of a cheque or date of telegraphic transfer. If after the date of the Deed payment is not made within the stipulated time, the unpaid balance from time to time shall bear interest at the rate of 12% per annum from due dates until the unpaid balance is paid in full.

4. CURRENCY PROVISIONS

30

- (1) Operator may incur for the joint account obligations in foreign currencies for goods or services from overseas sources. Such foreign currency obligations will be converted to Australian currency for entry in the joint account at the telegraphic transfer selling rate of exchange as quoted by the ANZ Banking Group Limited in Sydney (or operator's bank in an Australian



capital city) for the day in respect of which the entry is made. Any variation between the exchange rate at which a foreign currency obligation is recorded in the joint account and that exchange rate applicable at the time that foreign currency obligation is met, will be charged or credited as the case may be to the joint account.

10

- (2) All moneys payable hereunder by the parties to Operator will be paid in Australian currency unless otherwise agreed between the Parties.

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- (3) It is the intention of the Parties that neither should gain nor lose as a result of variation in exchange rates, hence, any gain or losses of this nature will be credited to or charged against the joint account as the case may be.

5. ADJUSTMENTS

20

Payment of any invoices will not prejudice the right of any Party to protest or question the correctness thereof, provided however all invoices and statements rendered to the Parties by Operator during any calendar year will conclusively be presumed to be true and correct after 24 months following the end of that calendar year unless within the 24 month period a Party takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator will be made unless it is made within the same prescribed period. The provisions of this paragraph will not prevent claims involving a third Party or adjustments required by governmental authority.

30

6. AUDITS

- (1) The accounts and records of the joint venture will be audited annually by a firm of chartered accountants approved by the Parties and the cost of the audit

will be borne by the Parties in the proportions to which they bore exploration expenses at the date of commencement of the audit.

- (2) Any Party, upon 30 days prior written notice to the Operator, has the right at all reasonable times to audit the Operator's accounts and records relating to the accounting hereunder for any calendar year within 24 months following the end of the calendar year. Where there are 2 or more Parties other than the Operator, such Parties shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to Operator. Operator shall bear no portion of such Parties' audit cost incurred under this provision, unless agreed to by the Operator. 10

7. REVISIONS TO THE ACCOUNTING PROCEDURE

Amendments to or changes in the provisions contained in this Accounting Procedure will be made only by an instrument of amendment agreed to and executed by all of the Parties. It is recognized and agreed by the Parties that Operator will not be 20

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entitled to make a profit or required to suffer a loss by reason of serving as Operator and one of the purposes of this Accounting Procedure is to ensure an equitable distribution of costs (either direct or indirect) and credits and the avoidance of any cause or action that is deemed to result in an inequity to any of the Parties. 30

To this end, any Party may initiate negotiations for a revision to the accounting procedures if an alleged inequity should occur. Such negotiations will be handled as follows:

- (1) Each Party will negotiate in good faith to remedy a proven inequity. If agreement is reached, an  
Exhibit 4F - Exhibit "WJH.1"  
to the Affidavit of  
965. W.J. Hamilton, 21.2.1979

amendment or revision will be executed to remedy the inequity.

- (2) If agreement is not reached as provided in Paragraph (1) above, then the Parties will jointly select a firm of chartered accountants to investigate the alleged inequity to determine if the alleged inequity exists and if it does exist, to recommend the required amendment or action to correct the inequity. The findings of the chartered accountants will be made by them as experts and not as arbitrators and will be binding upon all Parties and any necessary corrective action will be taken unless the Parties then all mutually agree on some other action or solution. If the findings of the chartered accountants support the Party or Parties who initiated the negotiation, the fee of the chartered accountants will be charged to the joint venture; otherwise, the fee will be for the account of the Party or Parties who initiated the negotiations.

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PART B. EXPLORATION EXPENSES

Exploration expenses means all costs, expenses, liabilities and charges incurred and actually paid or accrued (when not cash items) in conducting exploration in connection with the exercise of Operator's rights and obligations under the Deed provided that no charge made by the Operator to the joint venture will contain any element of profit to the Operator.

1. LABOR AND PAYROLL BURDEN

Salaries, wages and reasonable expense of Operator's employees directly engaged in operations under the Deed plus an appropriate proportion for payroll burden. Payroll burden will reflect holiday, vacation and sickness entitlements, disability and employee benefits plans, and similar benefits accorded in general within Australia

to employees working in mineral exploration.

2. MATERIAL

Actual cost of materials, equipment and supplies purchased by Operator or furnished from its storehouse stocks or from its other properties for use in or in connection with operations under the Deed. Insofar as is practicable and consistent with efficient and economical operation, only such materials will be purchased for or transferred to operations under the Deed as are required for immediate use and the accumulation of materials and supplies shall be kept to a minimum.

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3. TRANSPORTATION

Reasonable cost of transportation of employees, equipment, material and supplies necessary for exploration, development, maintenance and operations under the Deed subject to the following limitations:

- (1) If material is moved to the lands, the subject of the Deed, from vendors or from the Operator's warehouse or other properties, no charge will be made for a distance greater than the distance from those lands to the nearest reliable supply store or railway receiving point where the material is available except by agreement between the parties.

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- (2) If surplus material is moved to Operator's warehouse or other storage points, no charge will be made for a distance greater than the distance from the nearest reliable supply store or railway receiving point except by agreement between the parties. No charge will be made for moving material to other properties belonging to Operator except by agreement between the Parties.

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4. OUTSIDE SERVICES

Reasonable cost of services and utilities procured from

outside sources.

5. OPERATOR'S EXCLUSIVELY OWNED EQUIPMENT AND FACILITIES

Charges for Operator's exclusively owned equipment, facilities and utilities on the basis of actual use in the course of, in connection with, or for the purposes of operations under the Deed at rates commensurate with the cost of ownership and operation including depreciation and interest on investment but not in excess of rates currently prevailing for the use of similar equipment, facilities and utilities for similar operations in the area where the lands, the subject of the Deed, are located. Such rates will be revised from time to time if found to be either excessive or insufficient but not more often than once every 6 months.

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6. INSURANCE - DAMAGE AND LOSSES

Net premiums paid for insurance effected under the Deed and covering joint property and operations.

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Rehabilitation costs occasioned by fire, flood, storm, accident or other cause or condition beyond the control of Operator, whether or not similar to the causes or conditions herein specifically enumerated and not compensated for by insurance or otherwise.

7. LITIGATION AND CLAIMS

Expenses of litigation, liens, judgments and settlements of claims incurred in or resulting from the operations under the Deed provided always that such expenses in connection with potentially significant litigation or claims will be incurred with the agreement of the parties.

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8. TAXES, DUTIES, LEASE RENTALS AND FEES

All fees, duties, rentals and taxes of any kind or nature (except corporate, income taxes and capital gains tax and royalties due in respect of a Party's interest) assessed, imposed or levied by any government or

governmental authority pursuant to law upon, in connection with or in relation to the joint venture assets or the operation thereof paid by the Operator for the benefit of the joint venture.

9. OVERHEAD

A charge will be made to cover any portion of salaries and wages, applicable payroll burden and expenses of any management supervisory, accounting, administrative, purchasing, stores, technical, clerical and other employees and officers indirectly providing services for the purposes of the Deed whose salaries, wages and expenses are not a chargeable cost under Paragraph 1 of this Section II; also, any portion of the expenses of maintaining and operating all offices and facilities used indirectly for the purposes of the Deed including but without limiting the generality of the foregoing head offices, area, division, district and other similar facilities not required exclusively for the purposes of the Deed. This charge will be made on the following percentage basis: 10

A. (1) Capital Expenditures

5% each month of the cost of investment or assets charged during that month to the joint venture which generally have a service life of more than one year and are normally capitalized by Operator provided that projects with a total cost of more than \$100,000 will be charged at 3% in respect of the amount in excess of \$100,000. 30

(2) Operating Expenses

18% each month of the cost of operating expenses charged during that month to the joint venture or which are normally charged each month directly to profit or loss by the Operator exclusive of costs provided under Paragraph 7 and Paragraph 8 of this Part B.

This provision applies up to completion of feasibility studies. Should mine development proceed, an appropriate Accounting Procedure covering this area will be developed for approval by the Parties.

- 8 -

B. The charges provided for under this paragraph will be subject to review by the parties and possible revision from time to time (but not more often than once in any 12 months) if in practice they are found to be insufficient or excessive, provided however that any revision in rates agreed between the Parties will not be applied retroactively.

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10. OTHER EXPENDITURES

Any other expenditures reasonably incurred by Operator for the necessary and proper exploration, development, maintenance, operation or abandonment of the lands, the subject of the Deed, or any part or parts thereof and for necessary or proper reclamation and environmental control in respect thereof.

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PART C. CREDITS & PAYMENTS TO THE JOINT VENTURE

1. Operator shall take advantage of and shall credit to the joint venture account all cash and trade discounts, allowances and equalizations, insurance collections, recoveries, credits, salvages, commissions, rebates, refunds, retroactive adjustments, proceeds of sale and any other benefits or payments which accrue to Operator due to the joint venture or in relation to joint venture property.
2. Unless otherwise unanimously agreed by the Parties, any subsidy, prospecting aid or like payment in respect to joint venture operations will be divided between the Parties

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Exhibit 4F - Exhibit "WJH.1"  
to the Affidavit of  
W.J. Hamilton, 21.2.1979

in proportion to their participating interests in the relevant part of the areas in which and at the time the operations were conducted in respect to which such subsidy or payment is made.

971. Exhibit 4F - Exhibit "WJH.1"  
to the Affidavit of  
W.J. Hamilton, 21.2.1979



FIRST SCHEDULE REFERRED TO IN THE DEED

BETWEEN

NICKEL MINES LIMITED - of the one Part

AND

ESSO EXPLORATION AND PRODUCTION AUSTRALIA INC. - of the Other  
Part

ACCOUNTING PROCEDURE FOR EXPLORATION EXPENSES

10

PART A. GENERAL PROVISIONS

1. INTERPRETATION

This Accounting Procedure applies up to completion of feasibility studies. Should mine development proceed, an appropriate Accounting Procedure covering this area will be developed for approval by the Parties.

In the event of any inconsistency between the provisions of this Accounting Procedure and the provisions of the Deed to which this Accounting Procedure is the Schedule, the provisions of the Deed shall prevail.

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The terms "Party" or "Parties" means party or parties to the Deed.

2. RECORDS

(1) Operator shall maintain and keep true and correct records in Australian currency of all costs and expenditures incurred under the Deed, all in accordance with generally accepted accounting principles, as well as all other data necessary or proper for the settlement of accounts between the Parties in connection with their rights and obligations under the Deed.

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(2) Each Party is responsible for its own accounting records required by law or to support its income tax returns or any other accounting records required by

Government authority in regard to the joint operations. To enable each party to record such data on its own books, the Operator will provide the Parties with such accounting data as may be required for any regulatory procedures to which the parties may be subjected as long as such data may be available in accordance with the accounting procedure.

10

3. STATEMENTS AND INVOICES

- (1) On or before the 30th day after the end of each month, Operator shall invoice Parties for the proportionate share of expenditures incurred by the Operator on behalf of the joint account during the preceding month. Invoices will be accompanied by statements of all charges and credits to the joint account summarized by appropriate classifications indicative of their nature in accordance with Exploration Expenses Part B. Unusual charges and credits will be detailed. Operator shall use its best efforts to provide any information which a party asks for concerning each statement. 20
- (2) The amount payable to Operator in accordance with the Deed as specified in any invoice issued by Operator shall be due and paid within 30 days after receipt of the invoice.
- (3) Payment will be by telegraphic transfer or cheque at the Operator's option and will be deemed to have been made at the date of posting in the case of a cheque or date of telegraphic transfer. If after the date of the Deed payment is not made within the stipulated time, the unpaid balance from time to time shall bear interest at the rate of 12% per annum from due dates until the unpaid balance is paid in full. 30

4. CURRENCY PROVISIONS

- (1) Operator may incur for the joint account obligations

in foreign currencies for goods or services from overseas sources. Such foreign currency obligations will be converted to Australian currency for entry in the joint account at the telegraphic transfer selling rate of exchange as quoted by the ANZ Banking Group Limited in Sydney (or operator's bank in an Australian capital city) for the day in respect of which the entry is made. Any variation between the exchange rate at which a foreign currency obligation is recorded in the joint account and that exchange rate applicable at the time that foreign currency obligation is met, will be charged or credited as the case may be to the joint account. 10

- (2) All moneys payable hereunder by the parties to Operator will be paid in Australian currency unless otherwise agreed between the Parties.

- 3 - 20

- (3) It is the intention of the Parties that neither should gain nor lose as a result of variation in exchange rates, hence, any gain or losses of this nature will be credited to or charged against the joint account as the case may be.

5. ADJUSTMENTS

Payment of any invoices will not prejudice the right of any Party to protest or question the correctness thereof, provided however all invoices and statements rendered to the Parties by Operator during any calendar year will conclusively be presumed to be true and correct after 24 months following the end of that calendar year unless within the 24 months period a Party takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator will be made unless it is made within the same prescribed period. The provisions of this paragraph will not prevent claims 30

involving a third Party or adjustments required by governmental authority.

6. AUDITS

(1) The accounts and records of the joint venture will be audited annually by a firm of chartered accountants approved by the Parties and the cost of the audit will be borne by the Parties in the Proportions to which they bore exploration expenses at the date of commencement of the audit. 10

(2) Any Party, upon 30 days prior written notice to the Operator, has the right at all reasonable times to audit the Operator's accounts and records relating to the accounting hereunder for any calendar year within 24 months following the end of the calendar year.

Where there are 2 or more Parties other than the Operator, such Parties shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to Operator. Operator shall bear no portion of such Parties' audit cost incurred under this provision, unless agreed to by the Operator. 20

7. REVISIONS TO THE ACCOUNTING PROCEDURE

Amendments to or changes in the provisions contained in this Accounting Procedure will be made only by an instrument of amendment agreed to and executed by all of the Parties. It is recognized and agreed by the Parties that Operator will not be 30

- 4 -

entitled to make a profit or required to suffer a loss by reason of serving as Operator and one of the purposes of this Accounting Procedure is to ensure an equitable distribution of costs (either direct or indirect) and credits and the avoidance of any cause or action that is deemed to

result in an inequity to any of the Parties.

To this end, any Party may initiate negotiations for a revision to the accounting procedures if an alleged inequity should occur. Such negotiations will be handled as follows:

- (1) Each Party will negotiate in good faith to remedy a proven inequity. If agreement is reached, an amendment or revision will be executed to remedy the inequity. 10
- (2) If agreement is not reached as provided in Paragraph (1) above, then the Parties will jointly select a firm of chartered accountants to investigate the alleged inequity to determine if the alleged inequity exists and if it does exist, to recommend the required amendment or action to correct the inequity. The findings of the chartered accountants will be made by them as experts and not as arbitrators and will be binding upon all Parties and any necessary corrective action will be taken unless the Parties then all mutually agree on some other action or solution. If the findings of the chartered accountants support the Party or Parties who initiated the negotiation, the fee of the chartered accountants will be charged to the joint venture; otherwise, the fee will be for the account of the Party or Parties who initiated the negotiations. 20

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PART B. EXPLORATION EXPENSES

Exploration expenses means all costs, expenses, liabilities and charges incurred and actually paid or accrued (when not cash items) in conducting exploration in connection with the exercise of Operator's rights and obligations under the Deed provided that no charge made by the Operator to the joint venture will contain any element of profit to the Operator. Exploration Expenses includes the following.

1. LABOR AND PAYROLL BURDEN

Salaries, wages and reasonable expense of Operator's employees directly engaged in operations under the Deed plus an appropriate proportion for payroll burden. Payroll burden will reflect holiday, vacation and sickness entitlements, disability and employee benefits plans, and similar benefits accorded in general within Australia to employees working in mineral exploration.

10

2. MATERIAL

Actual cost of materials, equipment and supplies purchased by Operator or furnished from its storehouse stocks or from its other properties for use in or in connection with operations under the Deed. Insofar as is practicable and consistent with efficient and economical operation, only such materials will be purchased for or transferred to operations under the Deed as are required for immediate use and the accumulation of materials and supplies shall be kept to a minimum.

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3. TRANSPORTATION

Reasonable cost of transportation of employees, equipment, material and supplies necessary for exploration, development, maintenance and operations under the Deed subject to the following limitations:

- (1) If material is moved to the lands, the subject of the Deed, from vendors or from the Operator's warehouse or other properties, no charge will be made for a distance greater than the distance from those lands to the nearest reliable supply store or railway receiving point where the material is available except by agreement between the parties.

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- (2) If surplus material is moved to Operator's warehouse or other storage points, no charge will be made for a distance greater than the distance from the nearest reliable supply store or railway receiving

point except by agreement between the parties. No charge will be made for moving material to other properties belonging to Operator except by agreement between the Parties.

4. OUTSIDE SERVICES

Reasonable cost of services and utilities procured from outside sources.

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5. OPERATOR'S EXCLUSIVELY OWNED EQUIPMENT AND FACILITIES

Charges for Operator's exclusively owned equipment, facilities and utilities on the basis of actual use in the course of, in connection with, or for the purposes of operations under the Deed at rates commensurate with the cost of ownership and operation including depreciation and interest on investment but not in excess of rates currently prevailing for the use of similar equipment, facilities and utilities for similar operations in the area where the lands, the subject of the Deed, are located. Such rates will be revised from time to time if found to be either excessive or insufficient but not more often than once every 6 months.

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6. INSURANCE - DAMAGE AND LOSSES

Net premiums paid for insurance effected under the Deed and covering joint property and operations.

Rehabilitation costs occasioned by fire, flood, storm, accident or other cause or condition beyond the control of Operator, whether or not similar to the causes or conditions herein specifically enumerated and not compensated for by insurance or otherwise.

30

7. LITIGATION AND CLAIMS

Expenses of litigation, liens, judgments and settlements of claims incurred in or resulting from the operations under the Deed provided always that such expenses in connection with potentially significant litigation or claims will be incurred with the agreement of the parties.

- 7 -

8. TAXES, DUTIES, LEASE RENTALS AND FEES

All fees, duties, rentals and taxes of any kind or nature (except corporate, income taxes and capital gains tax and royalties due in respect of a Party's interest) assessed, imposed or levied by any government or governmental authority pursuant to law upon, in connection with or in relation to the joint venture assets or the operation thereof paid by the Operator for the benefit of the joint venture.

10

9. OVERHEAD

A charge will be made to cover any portion of salaries and wages, applicable payroll burden and expenses of any management supervisory, accounting, administrative, purchasing, stores, technical, clerical and other employees and officers indirectly providing services for the purposes of the Deed whose salaries, wages and expense are not a chargeable cost under Paragraph 1 of this Part B; also, any portion of the expenses of maintaining and operating all offices and facilities used indirectly for the purposes of the Deed including but without limiting the generality of the foregoing head offices, area, division, district and other similar facilities not required exclusively for the purposes of the Deed. This charge will be determined by the allocation of such overhead costs on a labour basis in accordance with the Operator's usual allocation procedure. Such labour base will be determined by time spent as per timesheets. This procedure for charging will apply should mine development proceed.

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During the term of the Exploration Deed to which this Accounting Procedure is annexed, such charge for any calendar year will not exceed 110% of the sum of :

- (a) basic salaries of permanent employees charged to the Joint Account



- (b) payments to casual and contract employees charged  
to the Joint Account.:

The charges provided for under this paragraph will be  
subject to review by the parties and possible revision from  
time to time (but not more often than once in any 12 months)  
if in practice they are found to be insufficient or  
excessive, provided however that any revision in rates  
agreed between the Parties will not be applied retro-  
actively.

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10. OTHER EXPENDITURES

Any other expenditures reasonably incurred by Operator  
for the necessary and proper exploration, development,  
maintenance, operation or abandonment of the lands, the  
subject of the Deed, or any part or parts thereof and for  
necessary or proper reclamation and environmental control  
in respect thereof.

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PART C. CREDITS & PAYMENTS TO THE JOINT VENTURE

1. Operator shall take advantage of and shall credit to the  
joint venture account all cash and trade discounts,  
allowances and equalizations, insurance collections,  
recoveries, credits, salvages, commissions, rebates,  
refunds, retroactive adjustments, proceeds of sale and  
any other benefits or payments which accrue to Operator  
due to the joint venture or in relation to joint venture  
property.

2. Unless otherwise unanimously agreed by the Parties, any  
subsidy, prospecting aid or like payment in respect to  
joint venture operations will be divided between the  
Parties in proportion to their participating interests in

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Exhibit 4F - Exhibit "WJH.1"  
to the Affidavit of  
W.J. Hamilton, 21.2.1979

the relevant part of the area in which and at the time  
the operations were conducted in respect to which such  
subsidy or payment is made.

2ND  
THE 4TH SCHEDULE REFERRED TO  
TAX PARTNERSHIP AGREEMENT

THIS AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_, 1979  
between LAVERTON NICKEL N.L., a company incorporated in the  
State of New South Wales in Australia, and NICKEL MINES  
LIMITED, a company incorporated in the State of New South  
Wales in Australia, (herein jointly referred to as "the Co- 10  
Venturers") of the one part and ESSO EXPLORATION AND  
PRODUCTION AUSTRALIA INC., a company incorporated in the State  
of Delaware in the United States of America (herein referred  
to as "EEPA"), of the other part, each Party being a Party to  
a Joint Venture Deed dated the \_\_\_\_\_ day  
of \_\_\_\_\_, 1979 (hereinafter referred to as the  
"Joint Venture Deed"). The Co-Venturers and EEPA agree as  
follows regarding the relationship of the Parties with regard to  
United Sttes Income Taxes :

- (1) The Parties recognise that their relationship under the 20  
Joint Venture Deed is a partnership for United States  
Income Tax purposes, but said relationship shall not be  
construed as creating a partnership, association or trust,  
to any other extent or for any other purposes. EEPA shall  
prepare and file any United States Partnership Return of  
Income and make partnership elections on such Return on  
behalf of the Parties for any calendar year during which  
the parties constitute a partnership under the United  
States Internal Revenue Code of 1954, as amended. Prior  
to filing such Return, EEPA shall submit a copy thereof to 30  
each of the Co-Venturers in sufficient time prior to the  
due date, plus any extensions thereof, to permit review  
and approval.
- (2) EEPA ~~shall indemnify~~ <sup>hereby indemnifies</sup> the Co-Venturers for any United  
States income tax liability incurred by the Co-Venturers  
as a consequence of the execution by the Co-Venturers of

this Agreement or the preparation and submission by  
EEPA of United States Partnership Returns of Income  
pursuant to the terms of this Agreement.

- (3) Each of the Co-Venturers agree not to elect to be excluded  
from the Application of Subchapter K of Chapter 1 of  
Subtitle A of the United States Internal Revenue code of  
1954, as amended, unless EEPA shall first make such an  
election. 10

- 2 -

- (4) The Parties agree that for United States income tax  
purposes the gains and losses from sales, abandonments and  
other dispositions of property (apart from "Production"  
and other products, materials or substances produced  
pursuant to the Joint Venture Deed) and all classes of  
costs, expenses and credits, including depreciation and  
depletion, directly attributable to activities undertaken  
pursuant to said Deed shall be shared and accounted for  
by each Party in any applicable income tax return as  
follows : 20

- (a) Production costs shall be allocated as deductions to  
each Party in accordance with its respective  
contributions to such costs.
- (b) Exploration costs and mineral development costs,  
other than those incurred in respect of depreciable  
property, shall be allocated as deductions to each  
Party in accordance with its respective contributions  
to such costs. 30
- (c) Depreciation on equipment and other property shall be  
allocated to each Party in accordance with its  
respective contributions to the adjusted basis of such  
property. The term "adjusted basis" shall mean the  
adjusted basis as defined in Section 1011 of the  
Internal Revenue code of 1954, as amended.
- (d) The deduction for depletion with respect of each

separate property or elected combination of  
properties under Section 614 of the Internal Revenue  
Code of 1954, as amended, shall be allocated between  
the Parties in the same ratio as the respective  
parties realize gross income which is subject to  
percentage depletion as defined in Section 613 of the  
Internal Revenue Code of 1954, as amended, except if 10  
only cost depletion is allowable, such deduction shall  
be allocated to each Party in accordance with its  
respective contribution to such cost depletion basis.

- (e) Gain and losses for each sale, abandonment or other  
disposition of property as hereinabove described shall  
be attributed to the Parties in such manner as to  
reflect the gains and losses that would have been  
includable in their respective income tax returns if

- 3 -

such property were held by the Parties outside this 20  
Agreement. The computations shall take into account  
each Party's share of the proceeds derived from each  
sale or other disposition of such property during the  
year, selling expenses and the Parties' respective  
contributions to the unadjusted cost basis of such  
property, less any allowed or allowable depreciation,  
depletion, amortization or other deductions which have  
been allocated to the Party with respect to such  
property as provided herein.

- (f) All other classes of costs, expenses and credits not 30  
falling with Paragraphs (a), (b), (c), (d), and (e)  
above, shall be allocated to and accounted for by each  
Party in accordance with its respective contributions  
to such costs, expenses and credits.
- (g) The accrual method of accounting shall be adopted by  
the tax partnership and such accounting shall be  
maintained on a calendar year basis.

- (h) The partnership shall elect, pursuant to Section 616 of the Internal Revenue Code of 1954, as amended, to expense as incurred all eligible mineral development costs.

It is the intent of the Parties to this Agreement that the provisions hereof shall be limited to their application to matters relating to United States income taxes and shall not in any way change, amend, or affect the rights, obligations or liabilities of the Parties otherwise resulting from the Joint Venture Deed or Australian Law, and it is agreed that nothing contained in this Agreement shall be construed as creating an association or corporation of any kind.

10

The Parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

LAVERTON NICKEL N.L.

ESSO EXPLORATION AND  
PRODUCTION AUSTRALIA INC.

By \_\_\_\_\_

By \_\_\_\_\_

NICKEL MINES LIMITED

By \_\_\_\_\_

"ESSO A.G.T."

JOINT VENTURE DEED

LIONTOWN PROSPECT

LAVERTON NICKEL N.L.  
NICKEL MINES LIMITED  
LEONORA NICKEL N.L.

AND

ESSO EXPLORATION AND PRODUCTION  
AUSTRALIA INC.



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LAVERTON - NML - LEONORA - EEPA

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JOINT VENTURE DEED

(LIONTOWN - QUEENSLAND)

THIS DEED is made the 10th day of April 1979 BETWEEN  
LAVERTON NICKEL N.L. a no-liability company incorporated  
in the State of New South Wales whose registered office is  
situated at 2 Railway Parade, Burwood in the said State  
(hereinafter called "Laverton"), NICKEL MINES LIMITED a  
company incorporated in the State of New South Wales whose  
registered office is situated at 2 Railway Parade, Burwood in  
the said State (hereinafter called "NML"), and LEONORA NICKEL  
N.L. a no liability company incorporated in the State of New  
South Wales whose registered office is situated at Suite 2,  
534 Prince's Highway, Rockdale in the said State, (hereinafter  
called "Leonora") (hereinafter collectively called "the  
Companies") of the one part AND ESSO EXPLORATION AND  
PRODUCTION AUSTRALIA INC. a corporation duly organised in  
accordance with the laws of the State of Delaware, one of the  
United States of America whose registered office in the State  
of New South Wales is situated as Esso House, 127 Kent Street,  
Sydney (hereinafter called "EPPA") of the other part.

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WHEREAS

A. The Companies are the holders and beneficial owners of  
the following Mining Leases granted pursuant to the Mining Act  
1968-1976 of the State of Queensland:

Mining Lease Nos.	233
	317
	320 - 345 (both inclusive)
	402
Home Lease No.	11436

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- 2 -

In the Mining District of Charters Towers.

Together with :

Mining Lease Nos. 602-607 (both inclusive)

In the Mining District of Charters Towers.

B. Subject as hereinafter provided, the Companies and EEPA have agreed to establish a joint venture upon and subject to the terms and conditions hereinafter set forth for the exploration of the lands comprised in the said Liantown Leases/ and Leonora Leases  
NOW THIS DEED WITNESSES as follows:-

1. INTERPRETATION

In this Deed unless the contrary intention appears or the context or subject matter otherwise indicates or requires:-

- (a) "Accounting Procedure" means the accounting procedure set out in the First Schedule hereto and made a part of this Deed by virtue of Clause 19 hereof;
- (b) "the Act" means the Mining Act 1968-1976 of the State of Queensland and includes any further amendment thereof, any re-enactment thereof, any Act substituted therefor and all regulations, notifications and proclamations made thereunder and for the time being or from time to time in force during the currency of this Deed;
- (c) "the Area" means the aggregate area of the lands for the time being, from time to time or at any time during the currency of this Deed comprised in the "Liantown Leases" and the "Leonora Leases" or in any renewal extension consolidation or amendment whether in whole or in part of the Liantown Leases or the Leonora Leases or any one of them granted by the Minister during the currency of this Deed or in any other mining title of whatever nature granted during

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the currency of this Deed in substitution, in whole or in part, for the Liontown Leases or the Leonora Leases, or any other mining title which is or becomes subject to the provisions of this Deed as hereinafter provided;

- (d) "the Companies" means Laverton Nickel N.L., Nickel Mines Limited and Leonora Nickel N.L. and includes their respective successors and permitted assigns; 10
- (e) "EEPA" means Esso Exploration and Production Australia Inc. and includes its successors and permitted assigns;
- (f) "Effective Date" means the date specified in Clause 3 (2) on which the parties' obligations to one another commence;
- (g) "Exploration" includes all activities and operations undertaken and all expenditures some or all of which may be of a Capital nature incurred in or in connection with the exploration of the Area pursuant to this Deed and, without limiting the generality of the foregoing, includes geological, geochemical and geophysical surveys, drilling, aerial surveys, magnetic, electromagnetic and radiometric surveys and further includes the processing and interpretation of the basic data obtained from such surveys at whichever location such processing and interpretation is carried out, and further includes any metallurgical work carried out whether as part of a feasibility study or not, and any feasibility studies carried out under this Deed; 20
- (h) "Joint Venture" means the joint venture constituted and established by and between the parties pursuant to this Deed; 30
- (i) "Joint Venture Property" means the Liontown Leases and the Leonora Leases together with the rights acquired

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pursuant to Clause 27 hereof and further includes all items of equipment purchased for the purposes of this Deed, all other property and equipment purchased or held for the purposes of this Deed but does not include property or equipment of one or more of the Parties hereto lent to the venture or used by the venture temporarily.

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(j) The "Leonora Leases" means mining leases number 602 to 607 (both numbers inclusive) in the Mining District of Charters Towers in respect of land comprised within the Area.

(k) "the Liantown Leases" means mining leases numbered respectively 233, 317, 320 to 345 (both numbers inclusive) and 402 together with home lease 11436 in the Mining District of Charters Towers in respect of lands comprised within the Area.

(l) "Mine Production Date" means the day upon which 70% of the initial production capacity provided for in the prospect evaluation accompanying the notice of final development and supported by a feasibility study has been achieved for a period of three (3) consecutive calendar months.

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(m) "Minister" means the Minister for Mines of the State of Queensland for the time being and includes any person discharging the duties of that office from time to time or at any time during the currency of this Deed;

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(n) "month" means calendar month;

(o) "Operator" means EEPA when acting in its capacity as the operator under this deed provided that if EEPA should be wound up or enters into any arrangement with its creditors or suffers a Receiver or Receiver and Manager to be appointed or goes into Official

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- Management then the Operator shall be such entity as is selected unanimously by the other Participants;
- (p) "Participant" means a party hereto and in relation to EEPA means EEPA whether acting in its capacity as the Operator hereunder or not. The said expression includes the respective successors, assigns, transferees and other disponees in respect of the whole or part of the Participating Interest of a party in accordance with the provisions of this Deed; 10
- (q) "Participating Interest" in relation to a party hereto means that party's undivided beneficial interest as a tenant in common in the Joint Venture, expressed as a percentage, as specified in Clause 5 hereof;
- (r) "Processed Product" means the marketable product produced from the development of the Subject Minerals;
- (s) "the Project" includes all Exploration development and all other operations and activities undertaken in pursuant of or for the purposes of this Deed and, without limiting the generality of the foregoing, includes compliance with and fulfilment of the terms and conditions of the Lione town Leases; 20
- (t) "Related Company" means a corporation which is deemed to be related to another corporation by virtue of sub-section (5) of Section 6 of the Companies Act, 1961 as amended of the State of Queensland;
- (u) "Subject Minerals" means any and all mineral substances of any kind, nature and description, whether metallic or non-metallic; 30
- (v) "Subsidiary" means a corporation which is deemed to be the subsidiary of another corporation by virtue of sub-section (1) of Section 6 of the Companies Act, 1961 as amended of the State of Queensland;

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- (w) "Year" means calendar year;
- (x) The expressions "mining lease" and "mining tenement" have the meanings respectively assigned to them in the Act.

Words and expressions denoting the singular number include the plural and vice versa.

Words and expressions denoting individual persons include corporations and associations of persons or corporations whether or not incorporated.

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## 2. PRIOR AUTHORITIES AND APPROVALS

This Deed is subject to and conditional upon the following that is to say :-

- (a) the authority of the Reserve Bank of Australia being obtained pursuant to the Banking (Foreign Exchange) Regulations; and
- (b) the approval of the Minister being obtained where necessary under the Act; and
- (c) No objection from the Foreign Investment Review Board being received;
- (d) Any suit, action or appeal brought by Newmont Proprietary Limited, I.C.I. Australia Limited and H.C. Sleigh Resources Limited in respect of the agreement between those companies and <sup>Laverton and NML</sup> ~~the~~ ~~Companies~~ dated the third day of November, 1978 in the Supreme Court of N.S.W. being withdrawn or dismissed or a decision in respect thereof being made in favour of the Companies.

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This agreement shall have no force or effect until the said authority and approvals have been granted or obtained or until any such suit is withdrawn dismissed or a decision is made in favour of the Companies and in the event of the said authority or the said approvals being refused or any such action being successfully prosecuted against the Companies this agreement shall thereupon be at an end and neither party hereto shall have any claim against or liability to the other hereunder.

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3. COMMENCEMENT

(1) This Deed commences on the Effective Date being the day on which the last to be fulfilled of the conditions specified in Clause 2 hereof is fulfilled and notice thereof is received by the respective applicant.

(2) EEPA shall forthwith make applications for the necessary approvals and authorities specified in paragraphs 2(a) (b) and (c) above and the Companies shall use their best endeavours to expedite the <sup>proceedings</sup> ~~appeal~~ referred to in paragraph 2(d) above. Such applications shall be diligently pursued and notice of approval or otherwise shall be forwarded to the other parties within fourteen (14) days of receipt by the applicant.

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4. JOINT VENTURE - SCOPE

(1) Subject as aforesaid, there is hereby constituted and established by and between the parties hereto a joint venture for the purposes of the systematic and progressive exploration of the Area and, subject as hereinafter in this Deed provided, the systematic and progressive development of the Area by the mining, winning, treatment and processing of Subject Minerals.

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(2) The systematic and progressive exploration and development of the Area shall be carried out in accordance with and subject to the terms and conditions of this Deed.

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- (3) Unless the parties hereto otherwise agree in writing the Joint Venture shall be limited as aforesaid.
- (4) EEPA shall be and is hereby appointed the Operator of the Joint Venture upon and subject to the terms and conditions of this Deed.
- (5) The Joint Venture shall be strictly limited to the activities and operations and to the areas specified in this agreement and nothing in this agreement shall, by implication or otherwise, operate to extend the Joint Venture beyond such activities, operations and areas.

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5. INTERESTS OF PARTIES - PARTICIPATING INTERESTS

- (1) Upon and after the Effective Date but subject as hereinafter provided Laverton, NML and Leonora shall, during the currency of and for the purposes of this Deed, hold the Joint Venture Property in trust for themselves and EEPA as tenants in common in the following Participating Interests, that is to say:-

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Laverton ) _____	Twenty-two percent (22%)
NML ) <del>forty nine percent (49%)</del>	Twenty-two percent (22%)
Leonora ) _____	Five percent (5%)
EEPA	- Fifty-one percent (51%)

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And after the Effective Date EEPA shall hold any joint venture property acquired by it or transferred to it in trust for itself and the Companies as tenants in common in the Participating Interests set out above.

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- (2) The above Participating Interest may be modified from time to time as hereinafter provided.
  - (a) if EEPA terminates this Deed pursuant to Clause 12 hereof; or

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(b) if this Deed otherwise comes to an end pursuant to Clause 22 hereof.

then and in any such event EEPA's said Participating Interest shall thereupon pass to the Companies in proportion to their respective Participating Interests as at such date of termination on the date which this Deed comes to an end beneficially freed and discharged from all liens, claims and encumbrances whatsoever. EEPA shall, when required by the Companies by notice in writing so to do, make, do, execute and perform all deeds, documents, instruments, acts, matters and things necessary or requisite to give effect thereto and shall pay or bear all costs, charges and expenses (including stamp duty) necessarily incurred by the Companies or any of them by reason thereof.

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6. GRANT TO EEPA

In carrying out its duties as Operator EEPA shall have and the Companies hereby grant to EEPA upon the terms and conditions hereinafter set forth the sole and exclusive right, privilege and licence by itself, its servants, agents and contractors in accordance with good mining industry practice -

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(a) to prospect, search and explore the Area for Subject Minerals for the purposes of this Deed;

(b) subject to the provisions of the Act and to the conditions of the Liantown Leases or the Leonora Leases to carry on such operations and execute such work as may be necessary or requisite for those purposes; and

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(c) generally, to exercise all or any of the rights, liberties and privileges conferred by virtue of the grant of the Liantown Leases or the Leonora Leases, or any one or more of them.

7. OBLIGATIONS OF EEPA

(1) Subject to Clause 12 EEPA shall pay the following amounts to the Companies on or before the following dates:

- (a) (i) A total of \$200,000 together with the sum of \$100 specified in Clause 11 hereof on or before the expiration of fourteen (14) days after the effective date. 10
- (ii) Payment of the sum of \$200,100 aforesaid shall be paid as to \$100,050 to Laverton and as to \$100,050 to NML.

(b) \$100,000 on the second anniversary of the Effective Date;

(c) \$100,000 on the third anniversary of the Effective Date;

(d) \$100,000 on the fourth anniversary of the Effective Date; 20

(e) \$100,000 on the fifth anniversary of the Effective Date;

(f) \$100,000 on each successive anniversary of the Effective Date until the Mine Production Date.

Each of the payments specified in paragraphs (b), (c), (d), (e) and (f) hereof shall be paid as to 50% to Laverton and as to 50% to NML and each of them to the addresses appearing in Clause 26 hereof or as notified accordingly.

(2) Subject to Clause 12 hereof EEPA shall, expend on Exploration in and upon the Area during the phases 30

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specified in the left hand column hereunder the sum specified opposite that period in the right hand column hereunder, that is to say:-

<u>Phase</u>	<u>Expenditure</u>	
(a) Twelve (12) months after the Effective Date (Phase 1);	\$A.300,000	
(b) Twelve (12) months after the first anniversary of the Effective Date (Phase 2);	\$A.300,000	10
(c) Twelve (12) months after the second anniversary of the Effective Date (Phase 3);	\$A.400,000	
(d) Twelve (12) months after the third anniversary of the Effective Date (Phase 4);	\$A.500,000	
(e) Twelve (12) months after the fourth anniversary of the Effective Date (Phase 5);	\$A.750,000	20
(f) Twelve (12) months after the fifth anniversary of the Effective Date (Phase 6);	\$A.750,000	
(g) (i) During each succeeding twelve (12) month period following the sixth (6th) anniversary of the Effective Date EEPA shall spend on Exploration in and upon the Area such amount as shall satisfy any statutory requirements and if a feasibility study has not been commenced under Clause 8 hereof such additional amounts as shall be necessary to diligently lead to the commencement of such study.		30
(ii) Where any question arises as to the amounts to be spent pursuant to this paragraph 7 (2) (g) the same shall be decided by the parties and in the absence of agreement thereon by the President for the time being of the Australasian Institute of Mining and Metallurgy and if there be no President by the Chief Executive Officer of the said Institute and if any such person be unable or unwilling to act then by his nominee. In		40

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reaching this decision the President or other officer or nominee shall be acting as an Expert and not as an Arbitrator. Such decision shall be final as between the parties and in the absence of any other reference in such decision the costs of the referral shall be borne equally by the parties.

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PROVIDED THAT EEPA may, if it thinks fit, so expend in any of the abovementioned periods any amount in excess of the amount so required to be expended and in that event the amount of the excess shall be carried forward and credited against the amount required as aforesaid to be expended by EEPA in the next succeeding period(s) of twelve (12) months.

- (3) In relation to the period of twelve (12) months specified in paragraph (a) of the last preceding sub-clause, if for any reason EEPA fails to expend on Exploration any part of the said sum of Three hundred thousand dollars (\$A.300,000.00) during the period of twelve (12) months after the Effective Date, or such further or other period as the parties may agree in writing, EEPA shall pay the balance of that amount remaining unexpended to Laverton and NML in equal shares. Such payment shall satisfy EEPA's obligations under Clause 7 (2) (a) hereof.

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- (4) In computing EEPA's expenditure on Exploration for the purposes of this Clause there shall be included therein in accordance with the Accounting Procedure -
- (a) all payments made by EEPA pursuant to Clause 14 hereof;
  - (b) all moneys paid directly or indirectly by EEPA to the State of Queensland or to any Department thereof by way of rentals in respect of the Leases or any of them or to any municipal or

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other local governmental authority by way of municipal rates or like payments in respect of the Area or any part thereof, the Leases or any of them.

- (c) All other costs and expenses concerning the feasibility study and associated metallurgical test work and if necessary expenditure on development, including plant and equipment to satisfy the obligation on EEPA to expend the sum of three million dollars on the Project.

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8. FEASIBILITY STUDY & METALLURGICAL TEST WORK

EEPA shall during the currency of this Deed (and EEPA shall commence such feasibility study and test work as soon as exploration results reasonably justify such work and shall diligently pursue such study and test work until a decision pursuant to Clause 15 hereof can be made) by itself, its servants, agents or contractors, undertake, carry out, complete and furnish to the Companies a feasibility study and metallurgical test work in respect of the Subject Minerals contained in the Area. The said study and test work shall be of a professional standard normally acceptable to financial institutions in Australia as a basis for the provision of finance for the development of a mine to the stage where production can be commenced. In determining the suitability or otherwise of such feasibility study and tests the parties shall agree or in the absence of agreement the provisions of paragraph 7

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- (2) (g) (ii) above shall apply mutatis mutandis.

9. THE COMPANIES' RIGHTS OF ELECTION

- (1) When EEPA has pursuant to Clause 7(2) hereof expended on Exploration the sum of Three million dollars (\$A.3,000,000.00) it shall, by notice in writing, inform each of the Companies thereof. All or any of Laverton, NML or Leonora shall be entitled at any time during the period of Sixty (60) days after the date of

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receipt by them of that notice to elect by notice in writing to EEPA not to contribute to the further funds required for the purposes of Exploration for the Joint Venture but in lieu thereof to be carried by EEPA in respect of the contribution of their respective proportion, in accordance with their respective Participating Interests, of the further funds so required.

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(2) Where one of Laverton, NML or Leonora exercise their right of election pursuant to sub-clause (1) EEPA shall itself contribute the non-contributing party's proportion, in accordance with the respective Participating Interest, of the further funds required for the purposes of the Joint Venture. All amounts so contributed by EEPA shall be at its sole risk and expense.

(3) Notwithstanding an election under Clause 9 (1) above the parties shall maintain their respective Participating Interests as at the date of notice of election but there shall thereupon be deemed to be created a conditional liability.

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(4) EEPA may recover and be reimbursed for such conditional liability from the mine cash flow attributable to the respective Participating Interests. In the event of mine cash flow there shall be applied to the credit of EEPA eighty percent (80%) only of such portion of mine cash flow after allowing for the government royalties and income tax which would otherwise notionally be paid by such non contributing party in respect of its Participating Interest share of such mine cash flow, until the following amounts are applied to the credit of EEPA :-

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(a) an amount equal to the total of the sums contributed by EEPA during each 12 month period



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pursuant to sub-clause 2 above together with  
(b) an incremental amount equivalent to compound  
interest at the rate of 15% per annum compounded  
on 12 monthly rests applied to each of the sums  
contributed by EEPA pursuant to sub-clause 2  
hereof.

PROVIDED THAT the said conditional liability is repayable 10  
by the Companies ONLY as aforesaid and in the event that  
EEPA terminates this Joint Venture pursuant to Clause 12  
hereof or in the event that a mine is never developed  
then the whole of the conditional liability is extin-  
guished and the Companies shall never be liable to  
reimburse any moneys expended under the provisions of  
this Deed but this proviso does not extend to the  
obligations under Clause 16 (2) (g).

(5) In lieu of repaying from portion of mine cash flow any  
non-contributing party may at any time by notice in 20  
writing to EEPA and upon payment to EEPA in full of  
the contingent liability to EEPA under sub-clause (3)  
hereof together with interest thereon as aforesaid  
elect to contribute to the further funds required for  
the purposes of the Joint Venture in proportion to its  
Participating Interest.

10. CONTRIBUTION BY PARTIES

Subject to the provisions of Clauses 9, 15(3) and 15(4)  
hereof, when EEPA has pursuant to Clause 7 hereof completed  
the expenditure on Exploration in and upon the Area of the 30  
sum of Three million dollars (\$A.3,000,000.00) all further  
funds required for the purposes of the Joint Ventures shall  
be contributed by the parties hereto in proportion to their  
respective Participating Interests as invoiced by the  
Operator in accordance with the Accounting Procedure.

11. PROSPECTING INFORMATION MEETINGS AND REPORTS

- (1) Within fourteen (14) days after the Effective Date the Companies shall furnish to EEPA for the sum of One hundred dollars (\$A.100.00) copies of all prospecting information in their possession or under their control in relation to the Area and shall transfer to EEPA deductions to the same amount in respect of the said prospecting information pursuant to Section 122B of the Income Tax Assessment Act 1936. 10
- (2) EEPA shall, when required so to do pursuant to the provisions of the Act or otherwise, furnish such reports as may be required to the Minister or other competent officer of the Department of Mines, Brisbane. EEPA shall furnish to the Companies a copy of each such report.
- (3) In addition to copies of reports under sub-clause (2) above EEPA shall furnish quarterly or at the time of preparation if more frequently prepared for its own use reports and budgets to the companies of all exploration work and expenditure thereon. Such reports and budgets shall be furnished within one month of the end of each quarterly period and shall include all geological geophysical and geochemical information available at the time. Where the results of any study or exploration project are not available at the end of any quarter EEPA shall supply copies of such results as soon as reasonably practicable after the same becomes available. EEPA shall use its best endeavours to answer fully all enquiries which the Companies or any of them may make concerning such reports and information. 20 30
- (4) In addition to such reports the Companies may at their own expense on reasonable notice and at all reasonable times examine and make copies of all and any records, reports, accounts, maps, plans, logs, surveys and other

books of correspondence and documents and interpretations thereof under the control of EEPA relating to the Area.

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- (5) The Participants shall each appoint a Representative and give notice thereof to the others. By like notice, each Participant may at any time substitute another person as its Representative and may designate one or more alternate Representative, any one of whom may act in the absence of the person whose alternate he is. Each Representative may have present at any meeting of Representatives such advisers as he deems necessary. The Chairman of a meeting of Representatives shall be EEPA's Representative, unless otherwise agreed. 10
- (6) The Parties shall control and on their behalf the Representatives shall supervise the Joint Venture. The Operator shall carry out its duties under this Deed pursuant to such supervision. In addition to the powers and duties which are enumerated elsewhere and are implicit herein, the Representatives shall have the following powers : 20
- (a) To establish policies from time to time governing various aspects or activities of the Joint Venture;
  - (b) To review and if satisfied approve the Programmes and expenditure budgets submitted to it pursuant to this Deed and in particular pursuant to Clause 11 (3) hereof;
  - (c) To determine production schedules, all matters pertaining to the Leases affecting the Joint Venture and all such other matters as may be referred to them by a Participant that may otherwise arise from time to time pertaining to the Joint Venture; 30
  - (d) To appoint and disband advisory groups, having as far as possible, equal numbers chosen by each Participant, to advise them on such matters as

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- may be referred to such groups by the Representatives.
- (7) Representatives shall meet quarterly to review the Operations for the preceeding quarter and Operations proposed for the next succeeding quarter. Additional meetings may be convened by a Participant at any time. Each of the Participants shall receive not less than 21 days' written notice of each meeting stating the time and place of the meeting and the agenda. Items not contained in such agenda may not be considered unless the Representatives agree. 10
- (8) A resolution in writing signed by the Representatives or agreed to by telex shall be as valid and effectual as a resolution passed at a meeting of Representatives. Any such resolution may consist of several documents in like form each signed by one or more Representatives.
- (9) In exercising a vote whether on a show of hands or on a Poll the Representatives shall be deemed to have that number of votes equal to the Participating Interest which he represents expressed as a percentage of the total Participating Interests AND in the case of an equality of votes the Operator shall have a casting vote. 20

12. TERMINATION BY EEPA

(1) When EEPA:-

- (a) has completed the payment of Two hundred thousand one hundred dollars (\$200,100) pursuant to sub-clause 7(1) (a) above; and
- (b) has completed expenditure on Exploration of Three hundred thousand dollars/pursuant to sub-clause 7(2) (a) or otherwise complied with sub-clause 7(3), as to shortfall; 30

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then, on giving not less than thirty (30) days notice in writing to the other parties of its intention to terminate, with such notice expiring on the first 12 month anniversary of the Effective Date, EEPA may terminate this Deed on the first 12 months anniversary of the Effective Date.

- (2) Where EEPA has not given notice under Clause 12(1) 10  
then in respect of the second 12 month period following the Effective Date EEPA shall not less than 30 days prior to the first anniversary of the Effective Date give notice to the Companies of its intention to commence phase 2 of Exploration, failure to give notice shall be deemed to be acceptance of EEPA's obligations in Phase 2.
- (3) In any succeeding 12 month period (including phase 2) where EEPA has :
- (a) completed its respective obligation under Clause 20  
7(1) and
- (b) has also completed its respective obligation under Clause 7(2) then on giving not less than thirty (30) days notice with such notice expiring on the day before the respective anniversary date EEPA may terminate this Deed on the day before the anniversary of the Effective Date next occurring.
- (4) In any such 12 month period where EEPA has exceeded its 30  
obligations under Clauses 7(1) and 7(2) in respect of that phase such excess shall not prevent EEPA giving notice under Clauses 12(1) or 12(3) hereof.
- (5) If EEPA terminates this Deed pursuant to this Clause its undivided beneficial interest hereunder in the Joint Venture Property shall thereupon pass beneficially to the Companies in proportion to their then respective Participating Interests as at the date of EEPA's Notice under subclause 12 (1) above and EEPA

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shall, when required by the Companies so to do, make, do, execute and perform all deeds, documents, instruments, acts, matters and things necessary or requisite to give effect thereto and shall pay or bear all costs, charges and expenses (including stamp duty) necessarily incurred by reason thereof.

13. APPLICATION FOR LEASES

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(1) EEPA shall be entitled from time to time and at any time during the currency of this Deed by notice in writing to require the Companies to make and thereupon the Companies shall, make application for and do all acts, matters and things necessary to obtain the grant of mining leases, special leases and other mining or prospecting titles or authorities under the Act over and in respect of such part or parts of the Area as EEPA may specify.

(2) Whenever during the term of this Deed it is necessary by reason of the provisions of the Act or otherwise to apply for and take up a new or other form of lease, authority, permit or other right; whether by way of addition to the Leases or any of them in whole or in part; then and in any such event EEPA shall subject to the Act, have the sole right to determine parts to be so applied for and taken up under such new or other form of lease, authority, permit or other right as the case may be.

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(3) (a) During the currency of this Deed all applications for mining or prospecting titles made pursuant to the preceding provisions of this Clause and all mining leases, special leases and other mining tenements or prospecting titles issued or granted in satisfaction thereof shall be held by the party or parties in whom or in which the legal title is from time to time vested in trust for the parties

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hereto for their respective rights and interests therein under this Deed.

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- (b) None of the parties hereto shall apply for any mining lease, special lease or other mining tenement or prospecting title in respect of the Area or any part thereof except in accordance with the preceding provisions of this Clause 10  
PROVIDED THAT in respect of any part or parts of the Area the parties hereto, or any of them, shall be at liberty to apply for a lease, authority, permit or other prospecting or mining title as they or either of them may think fit. In the event of any such application being granted to one of the parties hereto that party shall within seven (7) days thereafter give to the other parties written notice thereof. Within a period of sixty (60) days thereafter, the parties hereto shall determine 20  
whether the lease, authority, permit or other title shall be held for the purpose of this Deed by the said party in trust for the parties hereto for their respective rights and interests hereunder. If it is determined that the lease, authority, permit or other mining title be so held in trust as aforesaid the party applying therefor shall thereupon hold the same in trust for the parties hereto as aforesaid. The party or parties not applying for the said lease, authority, permit or other mining title shall within 30  
thirty (30) days after the date of the said determination pay to the other party their respective shares (in proportion to its Participating Interest) of the costs, charges and expenses necessarily incurred by that other party in making the said application.

14. MAINTENANCE OF TITLES

- (1) Subject to the provisions of the Act, EEPA shall during

the currency of this Deed do and perform or cause to be done and performed all such acts, matters

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and things which may be necessary or requisite to maintain the Leases and each of them in full force and effect including, but without limiting the generality of the foregoing -

- (a) payment of all rentals and fees payable under the Leases and each of them; 10
  - (b) subject to the provisions of Clause 7 hereof, the disbursement as Operator of all funds required to be expended to comply with the minimum expenditure conditions (if any) applicable to or in respect of the Leases;
  - (c) the furnishing of all reports required to be furnished pursuant to the provisions of the Act.
- (2) For the purposes of this Clause and Clause 13 hereof the Companies hereby irrevocably make, constitute and appoint EEPA their true and lawful attorney during the currency of this Deed in their names and as their attorney to make, do, execute and perform all such acts, matters, deeds, documents, instruments and things as may be necessary or requisite to be made, done, executed or performed in or in connection with the maintenance of the Leases in full force and effect, compliance with the terms, conditions and provisions of the Act and the Leases and the making of any application for and obtaining the grant of any mining lease, special lease or other prospecting or mining title in relation to the Area. 20 30

15. DEVELOPMENT

- (1) Within a period of One hundred and twenty (120) days after completion of the feasibility study required by virtue of Clause 8 hereof to be prepared or within such further period as the parties may agree in writing, EEPA shall, if it is satisfied that final development as hereinafter defined of one or more



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mineral deposits within the Area should proceed, notify the Companies by notice in writing (hereinafter called "the notice of final development"). EEPA shall furnish with the notice of final development a prospect evaluation which shall encompass the development, transportation and shipment of the minerals to be mined including:-

- (i) mine development and operation; 10
- (ii) ore treatment and handling at the mine;
- (iii) transportation of ore and operating supplies; and
- (iv) power, fuel and water supplies;

together with reasonable evidence demonstrating that it would be practicable for each of the parties to make suitable separate arrangements to market or otherwise use or dispose of its or their share in proportion to its or their Participating Interest of the ore or minerals proposed to be produced.

The said prospect evaluation shall also include a programme and capital budget which shall comprise:- 20

- (i) an itemised budget of capital expenditure;
- (ii) an itemised forecast specifying operating expenditures;
- (iii) itemised estimated cash requirements and expenditures;
- (iv) details of any construction programme; and
- (v) itemised estimated of production of Subject Minerals.

(2) For the purposes of this Deed:- 30

- (a) the lands specified in a notice of final development are hereinafter referred to as "the development area";
- (b) the expression "final development" includes the preparation of the development area for mining

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operations, the mining, winning, extracting and processing of Subject Minerals therefrom, and all development operations necessary therefor or related thereto including but without limiting the generality of the foregoing -

- (i) mine development and operation;
- (ii) treatment and handling of Subject Minerals and Processed Product at the mine; 10
- (iii) transportation of Subject Minerals, Processed Product, and operating supplies;
- (iv) construction and operation of the processing plant;
- (v) housing and allied infrastructure;
- (vi) power, fuel and water supplies.

- (3) In addition to the rights of election in respect of exploration expenditure contained in Clause 9 above Laverton, NML and Leonora shall each have the right to be exercised at any time during the period of ninety (90) days after the date of receipt by them of the notice of final development or a notice from EEPA under Clauses 16 (2) (c) or 16 (2) (f) hereunder not to contribute to the further funds required for the purposes of the Joint Venture including capital costs of establishing any mine and also including any start-up losses incurred until the first six (6) months after the mine production date of mine operation and in lieu thereof to be carried by EEPA in respect of the contribution of their respective proportions in accordance with their respective Participating Interests with regard to the further funds so required. The provisions of sub-clauses 9(2), 9(3), 9(4) and 9(5) shall apply to this right of election and any decision to thereafter contribute. 20 30

- (4) In lieu of electing not to contribute the further funds required for the purposes of the Joint Venture and to be carried therefore by EEPA as provided in

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Clause 15(3) above any of Laverton, NML, or Leonora may within ninety (90) days after the date of receipt by them of the notice of final development or a notice from EEPA under clause 16(2) (c) or 16(2) (f) elect by notice to EEPA within that time to convert the whole of their respective Participating Interests in the project specified in the notice of final development to a Net Profits Interest as that term is described in Clause 35 herein.

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(5) When any one of Laverton, NML or Leonora elect under Clause 15(4) above to convert to a Net Profits Interest they shall be respectively entitled thereafter to a <sup>two and one-quarter percent (2 $\frac{1}{4}$ %)</sup> ~~a two and one-quarter percent (2 $\frac{1}{4}$ %) and a one-half percent and two-thirds percent (1- $\frac{2}{3}$ %)~~ interest each in the Net Profits Interest as aforesaid.

(6) Where any one of Laverton, NML or Leonora elect to convert their Participating Interest to a Net Profits Interest as aforesaid they shall thereupon cease to be liable to make any further payment or to contribute any further funds for the purpose of this Deed in respect of the project specified in the notice of final development.

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(7) Whenever EEPA delivers a notice of final development under Clause 15(1) or an Alternate Development Proposal as hereinafter described is approved pursuant to Clause 16(2) (c) or 16(2) (f) the provisions of Clause 28 to 35 inclusive shall apply to the project specified in the notice of final development subject always to the provisions of Clause 28 hereof. The development area subject to the Clauses aforesaid shall be described in detail in an Exhibit "A" attached to and made part of the notice of final development.

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(8) (i) If any one or more of Laverton, NML or Leonora have not exercised their rights of election not to contribute the further funds required for the

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parties of the Joint Venture and to be carried therefore by EEPA or to convert the whole of their respective Participating Interests in the project to a Net Profits Interest as herein provided they shall within 120 days after the date of the notice of final development give notice to EEPA of their intention to contribute the further funds required in proportion to their then respective Participating Interests as at the date of the notice of final development. 10

- (ii) If any one or more of Laverton, NML or Leonora fail to give notice under paragraph (i) above they shall on the expiration of such 120 days be deemed to have elected to convert the whole of their respective Participating Interests to an interest in the Net Profits of the Project as if they had made such election pursuant to Clause 15(4) hereof and the provisions of Clauses 15(5), 15(6) and 34 herein shall apply. 20

16. FAILURE BY EEPA TO DEVELOP

- (1) Where EEPA does not give the notice of final development specified in sub-clause 15(1) within the time therein specified or if within that time EEPA gives written notice to the Companies that it has decided not to mine then the following provisions of this clause shall apply subject to EEPA's prior right to terminate in Clause 12 hereof and also subject to any party's right to transfer as set out in clause 24 hereof. 30
- (2) (a) Any other party to this Deed may at any time while this Deed remains in force serve written notice on the other parties of its own comprehensive proposal for mine development of some part or parts or the whole of the Area. Such notice is hereinafter called the "Alternate Development Proposal".

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- (b) An Alternate Development Proposal shall be feasible and realistic having regard to the feasibility study and in accordance with good and proper industry practice. Such Alternate Development Proposal shall contain a prospect evaluation otherwise in accordance with sub-clause 15(1) above. If there is any disagreement as to such Alternate Development Proposal being feasible and realistic then the question shall be referred to the President for the time being of the Australasian Institute of Mining and Metallurgy and if there be no President, by the Chief Executive Officer of the said Institute and if any such person be unable or unwilling to act then by his nominee. In reaching this decision the President or other officer or nominee shall be acting as an Expert and not as an Arbitrator. Such decision shall be final as between the parties and in the absence of any other reference in such decision the costs of the referral shall be borne equally by the parties. 10 20
- (c) Where a party elects to join in such Alternate Development Proposal it shall serve written notice of that election on the other parties to this Deed and the provisions of sub-clauses 15(4) (5) (6) (7) and (8) hereof shall apply as from the date of receipt of such notice by the other parties.
- (d) At any time after delivering an Alternate Development Proposal any one or more of Laverton, NML or Leonora may, if EEPA has not served written notice of its election under paragraph 16(2) (c) above serve on EEPA or any other party written notice of that or a third party's intention to proceed with development according 30

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to the Alternate Development Proposal and of that or a third party's intention to acquire EEPA's or any other party's Participating Interest.

(e) The cost of acquiring EEPA's Participating Interest under paragraph 16(2) (d) shall be the total sum of:-

- (i) All payments made under sub-clause 7(1) above less six hundred thousand dollars (\$600,000) plus 10
- (ii) EEPA's Participating Interest share of joint venture expenditure over and above the amount of Three million dollars (\$A.3,000,000) plus;
- (iii) All expenditure incurred by EEPA for or on behalf of Laverton, NML or Leonora or all of them pursuant to sub-clauses 9(1) 9(2) and 15(3) above with interest thereon as provided in Clause 9(4) and not recouped by EEPA as at the date of the notice under paragraph 16(2) (d) above; 20

Such sums expended but excluding any interest paid or payable to EEPA during each calendar year shall be escalated to present value as at the date of such notice by multiplication by the following fraction :

$$\frac{A}{B}$$

where A is the consumer price index - all groups, weighed average for six state capital cities published by the Australian Bureau of Statistics or any index which replaces the same at the date of notice pursuant to Clause 16(2) (d) above, and 30

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B is the consumer price index - all groups weighed average for six state capital cities published by the Australian Bureau of Statistics or any index which replaces the same for the June quarter of the calendar year of expenditure.

- (ea) The cost of acquiring any other party's interest, if that interest has been transferred to EEPA pursuant to Clause 24, shall be in accordance with (e) above, or if otherwise the payments made by that party in accordance with Clause 10 hereof. 10
- (f) EEPA or any other party may at any time within 30 days following receipt of notice under paragraph 16(2)(d) give notice of their election to join in the Alternate Development Proposal or exercise their rights of assignment pursuant to Clause 24 hereof.
- (g) Where EEPA or any other party does not give a notice under paragraph 16(2)(f) nor exercise their rights of assignment under Clause 24 hereof then they shall transfer their Participating Interest as required by the notice given under paragraph 16(2)(d) above subject to the provisions of sub-paragraphs 16(2)(e)(i) and 16(2)(e)(ii) above being fulfilled and also in the case of EEPA subject to satisfactory arrangements being made for the repayment to EEPA of the amount specified in sub-paragraph 16(2)(e)(iii) in accordance with sub-clause 9(4) above. Such payment and arrangements shall be made within sixty (60) days of the expiration of the thirty (30) day period referred to in paragraph 16(2)(f) above. 20 30

17. CONTINUANCE OF THIS DEED

Whenever a notice of final development or an Alternate Development Proposal becomes effective hereunder in respect

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of any part or parts of the Area but less than the whole thereof, this Deed shall, subject as herein provided, remain in full force and effect in respect of all lands within the Area which are not included in a development area. Notices of final development may be given in respect of all or any part of such lands and is so given Clauses 29 to 35 inclusive shall apply subject always to Clause 28 hereof and otherwise in accordance with the provisions of this Deed. Notwithstanding this provision the remaining clauses of this Deed shall apply in so far as the context admits to the development area.

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18. WAIVER OF PARTITION

Each of the parties hereto waives, during the currency of this Deed, any right which it or they may have in relation to the other or others for the partition of the Leases or any of them or the partition of any personal property in which it or they have or may have an undivided interest under this Deed subject to the provisions of Clause 30 29 hereof.

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19. ACCOUNTING PROCEDURE

The parties hereto hereby agree that all the terms, conditions and provisions of the Accounting Procedure set out in the First Schedule hereto (hereinafter called "the Accounting Procedure") are hereby incorporated in and hereby made a part of this Deed.

20. FORCE MAJEURE

(1) If any party is unable by reason of force majeure whether wholly or in part to carry out its or their obligations under this Deed or any of them that party shall give to the other prompt written notice of the force majeure specifying full particulars concerning the same and thereupon the obligations of the party giving such notice shall, to the extent to which they are affected by the force majeure, be suspended during but no longer than the continuance of the force majeure.

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The party so claiming force majeure shall

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use all due diligence to remove that force majeure as quickly as possible so far as it or they is or are able so to do.

- (2) The requirement that force majeure shall be remedied with all due diligence shall not require the settlement of strikes, lockouts, bans or other labour difficulty by the party involved contrary to its or their wishes and that party shall have sole discretion as to the manner in which that strike, lockout, ban or other difficulty shall be handled. 10
- (3) The expression "force majeure" as used in this Clause includes act of God, strike, lockout, ban or other industrial disturbance, act of the public enemy, civil commotion, war, blockade, riot, lightning, fire, storm, flood, washout, explosion, governmental restraint or any form of governmental intervention, unavailability of equipment and any other cause, whether of a kind specifically enumerated above or otherwise, which is not reasonably within the control of the party alleging the existence of force majeure. 20

21. FURTHER ASSURANCE

The parties hereto hereby covenant each with the other that-

- (a) they will at all times and from time to time hereafter do all such further acts and execute and deliver all such further deeds, documents and instruments as shall be necessary or requisite in order fully to perform and give effect to and carry out the terms of this Deed; and 30
- (b) subject always to the provisions of the Act, they will not knowingly do, permit or suffer to be done any act, matter or thing whereby the Leases or any of them may be forfeited, cancelled, rendered liable to forfeiture or cancellation or be otherwise jeopardised.

22. TERM

(1) This Deed shall, unless terminated by EEPA pursuant to Clause 12 hereof or by the Companies pursuant to this Clause continue in full force and effect for so long as the Liantown Leases the Leonora Leases or anyone or more of them remain or remains in force and EEPA observes its obligations under the provisions hereof. If EEPA fails to observe the provisions of this Deed on its part to be observed or any of them then and in any such event the Companies may by notice in writing to EEPA specifying the default complained of require EEPA to remedy that default within a period of sixty (60) days after the date of that notice. If EEPA fails to remedy that default within the said period of sixty (60) days the Companies may thereupon by notice in writing to EEPA, terminate this Deed and the provisions of Clause 5 shall thereupon apply.

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(2) Upon the expiration of the term of this Deed or its sooner determination, the respective rights, powers, duties, liabilities and obligations of the parties hereunder shall absolutely cease and determine except in respect of any accrued right of action which one party may have against the other of them for breach of this Deed or for moneys due and payable hereunder but unpaid.

23. DISPUTES

Any dispute or difference between the parties hereto with respect to any costs, charge or expense incurred under this Deed or the Accounting Procedure shall be referred at the request of either of the parties to an Accountant agreed upon by the parties or, in default of agreement, nominated by the President of the Institute of Chartered Accountants, Australia, whose decision shall be final and binding on the parties and in reaching such decision that Accountant shall be deemed to be acting as an expert and not as an arbitrator.

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24. ASSIGNMENT

- (1) Subject to the succeeding provisions of this Clause, none of the parties hereto shall transfer, assign, sell, part with the benefit of or otherwise dispose of, deal with or attempt so to do, the whole or any part of its Participating Interest without the prior written consent of the others, which consent shall not be unreasonably withheld. 10
- (2) If a party (hereinafter called "the Offeree") receives from a third party (hereinafter called "the Offeror") a bona fide offer for the purchase by the Offeror of all or any portion of its Participating Interest and it desires to accept that offer, the Offeree shall give written notice thereof to the other parties to this Deed not less than Ninety (90) days prior to the date proposed for the completion of such purchase. The said notice shall set forth the identity of the Offeror, the terms and conditions offered, the consideration (which may be a monetary sum only), and all other material particulars. For a period of Sixty (60) days next following the receipt of that notice the other parties to the Deed shall have the option to purchase the Participating Interest or part thereof proposed to be sold, as the case may be, on the same terms as those offered by the Offeror in the said offer. If within the said period of Sixty (60) days the other party fails to exercise the said option to purchase, the sale to the Offeror may be made at the price and under the terms and conditions set forth in the said offer subject to all necessary consents or approvals being obtained under all applicable laws. 20 30
- (3) If a Participant receives from a third party, (hereinafter in this subclause called "a Lender") a bona fide offer to lend moneys required by that Participant to enable it to participate in the Project and the Lender requires that the loan be secured by a lien or

encumbrance against that Participant's

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Participating Interest, then in any such event that Participant shall give written notice thereof to the other Participants not less than Fifteen (15) days prior to the date proposed for the completion of the loan. The said notice shall set forth the identity of the Lender, the terms and conditions offered and all other material particulars. For a period of Fifteen (15) days next following the receipt of that notice, the other Participant shall have the option to make a loan on the same terms as those offered by the Lender. If within the said period of Fifteen (15) days the other Participants fail to exercise the said option to make a loan then the firstmentioned Participant shall be at liberty to accept the loan on the terms and conditions set out in the said offer subject to all necessary consents or approvals being obtained under all applicable laws. 10 20

- (4) Any party may, without the prior written consent of the the other sell, transfer, assign or otherwise dispose of its or their Participating Interest in whole or in part to a Related Company or to a Subsidiary.
- (5) Any sale, transfer, assignment or other disposition of a Participating Interest in whole or in part pursuant to this Clause shall be made expressly subject to this Deed and upon the express condition that the transferee, assignee or other disponee thereunder shall agree to assume and shall by Deed assume all obligations, liabilities and duties of the transferor or assignor hereunder with respect to the Participating Interest or part thereof thereby transferred, assigned or otherwise disposed of but no such transfer, assignment or other disposition shall, unless otherwise agreed, operate to relieve the transferor, assignor or disponsor of any liability, obligation or duty theretofore accrued under 30

this Deed.

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- (6) No sale, assignment, transfer, disposition or dealing hereinbefore permitted shall be made except in accordance with and subject to the Act and to such other consents, authorities and approvals as are required by law.

25. GENERAL - TAXATION

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- (1) The provisions of this Deed shall not be construed so as to deny to EEPA the right to make any election in respect of the work and operations to be carried out under this Deed or the expenditures that are to be incurred in such work and operations to which EEPA would otherwise be entitled pursuant to the income tax law of the United States of America nor to constitute an election thereunder. Whether an election shall be made to have the Joint Venture excluded from the provisions of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 shall be determined by EEPA in respect of any calendar year.

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- (2) Nothing contained in this Deed shall be construed so as to constitute either party a partner of the other party hereto or to create any mining, commercial or other partnership between the parties under any applicable law of the Commonwealth of Australia or the State of Queensland. Neither party shall have authority to pledge the credit of the other.

- (3) Laverton, NML and Leonora and each of them agree to do everything necessary to ensure that EEPA obtains the full U.S. tax benefit of the expenditure which it will incur pursuant to this Deed including if reasonably required by EEPA the execution of U.S. tax partnership agreement in the form annexed hereto as Schedule two (2). In entering such a partnership Deed EEPA warrants that to the best of its knowledge and belief that none of the Companies shall by reason thereof incur any liability

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under the income tax law

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of the United States of America nor as far as EEPA is aware will the Companies suffer any disadvantage under the income tax law of the Commonwealth of Australia.

26. NOTICES

A notice authorised or required to be given by or under any of the provisions of this Deed shall be given in writing duly signed by or on behalf of the party giving the notice and addressed to the other party at the address specified hereunder or at such other address as that party may, for the purposes of this Clause, from time to time specify by notice in writing to the other. Any such notice shall be served either personally on a representative of the party to be served designated hereunder or by registered mail, postage prepaid and marked for advice of delivery, at the said address of the party to be served. The designated representatives of the parties for so long as they hold office are:-

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- Laverton - William Jansing Lee
- NML - James Joseph Lynch
- Leonora - Marcel Kingsley Doolan
- EEPA - The Manager for the time being of the Coal and Minerals Department of Esso Australia Ltd. or other person for the time being acting in that position.

The addresses for service of the parties hereinbefore mentioned are respectively:

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- Laverton - 2 Railway Parade  
BURWOOD N.S.W. 2134

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- NML - 2 Railway Parade  
BURWOOD N.S.W. 2134
- Leonora - Suite 2,  
534 Prince's Highway,  
ROCKDALE N.S.W. 2216
- EEPA - Esso House,  
127 Kent Street,  
SYDNEY N.S.W. 2000.

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PROVISIONS RELATING TO DEVELOPMENT AREAS AND FINAL DEVELOPMENT

27. DEVELOPMENT APPROVALS

- (1) It is recognised and understood by and between the parties hereto that in the event of a commercial discovery of Subject Minerals being made, development of that discovery will be dependent upon all necessary or requisite approvals and authorities for such development being obtained from the Commonwealth and Queensland Governments and their instrumentalities and upon compliance with the conditions of such approvals and authorities for such development being obtained from the Commonwealth and Queensland Governments and their instrumentalities and upon compliance with the conditions of such approvals and authorities, including (but without limitation) conditions with respect to the degree of Australian equity that may be required to participate in such development. 20
- (2) If after the twenty-second day of December, 1978 (being the date of acceptance by the Companies of EEPA's tender) 30 the Companies assign or any of them assigns an interest in the Joint Venture or they

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undergo or any of them undergoes any change in ownership or corporate structure which has the effect of increasing the extent of foreign equity or interest in the Joint Venture, then the Companies, their assignee or assignees shall thereupon divest themselves of their equity or interest in the Joint Venture to such extent as may be necessary for the purpose of obtaining requisite governmental approvals to develop mining areas or of satisfying any other legal requirements PROVIDED THAT EEPA shall not be required to divest itself of its equity or interest in the Joint Venture to an extent greater than would have been necessary if the level of foreign equity or interest had remained the same as it was on the second day of December, 1978. 10

- (3) Subject to the last preceding subclause and to Clause 24 hereof, EEPA shall divest itself of its equity or interest in the Joint Venture to the extent necessary to comply with the requirements of the Governments of the Commonwealth and the State of Queensland applicable at the time when a decision is made to proceed with mine development. 20

28. FURTHER AGREEMENT

- (1) Where a notice of final development under Clause 15 hereof or an Alternate Development Proposal under Clause 16 hereof is accepted by the Participants the provisions of Clauses 27 to 34 hereof (inclusive) shall in the absence of further agreement apply to the development area specified in the respective notice. Further the Participants shall agree to an appropriate Accounting Procedure relating to operations in the development area. 30
- (2) If as a result of any government approval or authority obtained pursuant to Clause 27 hereof the Participating Interests of the parties are required to



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be diluted or if the Participants otherwise require the Representatives shall negotiate in good faith in order that the structure of the proposed development will be embodied in an agreement or such further documents as are necessary to effectuate or evidence the arrangements required or agreed upon.

- (3) Such an agreement or documents shall embody the terms hereof in so far as they are applicable to that development area or so many of them as are so applicable. 10

29. TAKE AND SEPARATELY SELL

- (1) Each of the Participants shall take in kind and separately dispose of its share of Processed Product in proportion to its Participating Interest. If Laverton, NML or Leonora fail to take in kind and separately dispose of their respective proportionate shares of Processed Product EEPA shall have the right but not the obligation to sell the same for and on behalf of Laverton, NML or Leonora respectively at prices and on terms and conditions not less favourable to them than the prices, terms and conditions at that time applicable to sales made by EEPA in respect of its proportionate share of Processed Product PROVIDED THAT the term of any contract made by EEPA for the sale of a Participants' proportionate share of Processed Product shall only be for such reasonable period of time as is consistent with the minimum needs of the industry and in no event shall such term be for a period in excess of Twelve (12) months. 20 30
- (2) All costs, charges and expenses incurred by EEPA in connection with the sale as aforesaid of a Participant's proportionate share of Processed Product shall be borne by that Participant and may be deducted by EEPA from the gross proceeds of the sale thereof.

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- (3) EEPA as Operator shall, unless the Participants otherwise agree in writing, deliver or cause to be delivered to the Participants the Processed Product to which they are respectively entitled at the loading port, at the stock pile, or at such other point on the Property as the Participants may from time to time respectively specify.

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30. PROGRAMMES AND BUDGETS

- (1) As soon as practicable after the day on which the last of the development approvals under Clause ~~26~~<sup>27</sup> hereof is obtained and thereafter as soon as practicable after the anniversary of such date in each Year EEPA shall prepare and deliver to the Participants a programme of work and capital budget for the next ensuing Year. Each such programme and capital budget shall include on a quarterly basis or on a more frequent basis where such are prepared for EEPA's own use-

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- (i) an itemised budget of capital expenditure;
- (ii) an itemised forecast specifying operating expenditures;
- (iii) itemised estimated cash requirements and expenditures;
- (iv) details of any construction programme; and
- (v) itemised estimates of production of Processed Product.

- (2) Each such work programme and budget may from time to time or at any time be revised or amended by the Participants.

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- (3) Each such work programme and budget whether as originally prepared or as so revised or amended shall be binding upon the Operator who shall carry on the development, construction, operation and maintenance of the Project pursuant to this Deed in accordance with that work programme and budget.

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- (4) The Operator shall make all disbursements in accordance with the provisions of each such annual work programme and budget whether as originally prepared or as revised or amended from time to time pursuant to this Clause.
- (5) Subject to Clauses 9 and 15 hereof and as hereinafter provided, capital expenditures and operating expenditures shall be borne and paid for by the Participants in proportion to their respective Participating Interests and the Operator shall be entitled to make and shall make calls upon the Participants for the contribution of the funds required for capital expenditures and operating expenditures in proportion to the respective Participating Interests of the parties. 10
- (6) Subject to Clauses 9 and 15 hereof, the Operator shall, unless otherwise agreed in writing, require the Participants to furnish their share in proportion to their Participating Interest of all costs and expenditures in the following manner, that is to say:- 20
- (a) Not less than Thirty (30) days prior to the commencement of each quarter the Operator shall furnish to the Participants an estimate of the cash expenditures required to be made in each month during that quarter to carry out the work programme then current in accordance with the budget approved in respect thereof. The said estimate shall specify - 30
- (i) the balance then unexpended of the funds, if any, previously furnished by the Participants; and
- (ii) the additional funds to be furnished by the Participants as their share in proportion to their Participating Interest of the cash

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expenditures required as aforesaid to be made in each month during that quarter.

- (b) The Operator may at any time revise the said estimate by notice in writing to the Participants but so as not to exceed the approved budget then current.
- (c) The Participants shall within Fifteen (15) days after the receipt of any such estimate pay or cause to be paid to the credit of the Operator's Bank in the State of Queensland their share in proportion to their Participating Interest of the estimated funds required for the first month of that quarter. In respect of each succeeding month during that quarter the Participant shall pay or cause to be paid as aforesaid their share in proportion to their Participating Interest of the estimated funds required therefor not less than Ten (10) days prior to the commencement of that month.
- (d) If the Participants fail to pay or cause to be paid as aforesaid their share in proportion to their Participating Interest of the estimated funds required for any month during that quarter the same shall bear interest from the due date until the date of payment at the maximum bank overdraft interest rate for limits not exceeding One hundred thousand dollars (\$A.100,000.00) as prescribed by the Reserve Bank of Australia and current at that time.

31. RIGHTS AND DUTIES OF EEPA AS OPERATOR IN RESPECT OF DEVELOPMENT

- (1) EEPA shall have responsibility for and shall, subject to the provisions of this Deed, carry out, supervise and control all work and operations required or permitted to be carried out hereunder in relation to

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the development as specified in the notice of final development or Alternate Development Proposal.

(2) For the purposes of carrying out the work programmes referred to in Clause 31 hereof EEPA may by itself, its servants, agents and such independent contractors as it may engage, undertake all or any of the following in accordance with good mining industry practice-

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- (i) the custody, maintenance, operation and protection of the property and assets of the Participants hereto in the possession of EEPA as the Operator;
- (ii) the acquisition of materials, supplies, machinery, equipment and services and other property necessary or appropriate for or in connection with the said work programmes;
- (iii) the supervision or direction of such independent contractors as it may engage;
- (iv) the engagement of such competent experts, advisers, superintendents and engineers as contractors to the Operator as it thinks fit;
- (v) the engagement of such labour as employees of the Operator and its contractors as it thinks fit;
- (vi) the procuring from outside experts and consultants of all necessary or requisite professional services;
- (vii) the procuring and maintaining of adequate and reasonable insurance including the covering of risks of personal injury to or death of employees or others, risk of fire,

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- public risk and the adjustment of losses and claims pertaining to or arising out of such insurance and, if the Participants so request, the procurement and maintenance of such further or additional insurance as the Participants may request;
- (viii) compliance with all applicable laws relating to mining operations, including laws relating to workers compensation, safety and the protection of the environment; 10
- (ix) the proper disbursement of all funds provided by itself and, where applicable, by the Companies, including payment of all sums payable by EEPA as the Operator with respect to the acquisition of services, supplies, materials, equipment and other property necessary or requisite for use in connection with the said work programmes; 20
- (x) payment on behalf of the Participants of all rentals and other fees, costs, charges and expenses required to be paid for the purposes of maintaining the Leases in full force and effect;
- (xi) the preparation and lodgment of all reports and returns required by law or by the provisions of the Leases to be prepared and lodged by the holder thereof;
- (xii) compliance with all and singular the terms, conditions and provisions of the Leases; 30
- (xiii) to do or refrain from doing all other acts and things necessary or requisite for the proper and efficient conduct of mining operations in and upon the Property for the purposes of this Deed.

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(3) EEPA as the Operator shall at all times during the currency of this Deed be entitled to possession of all materials, equipment, property and assets purchased, constructed or otherwise acquired under, by virtue of, or for the purposes of this Deed.

(4) EEPA shall as the Operator carry out, discharge and perform all and singular its obligations hereunder and shall carry on mining operations in and upon the development area in a good and workmanlike manner and in accordance with recognised mining methods and practices.

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32. RIGHTS OF INSPECTION REPORTS

(1) The Participants, by themselves, their duly authorised servants, agents and representatives and the authorised representatives of any Chargee or Mortgagee of a Participant shall, with the prior knowledge and consent of the Operator, (which consent shall not be unreasonably withheld) be entitled at their own risk and expense to have access at all reasonable times to the development area and to the facilities located thereon and to access to drill cores, sample results, assay reports and technical information relating to production, treatment and processing of Processed Product.

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(2) The Operator shall prepare and furnish to the Participants as soon as reasonably possible such records, accounts, reports and other documents as the Participants may reasonably require for the purposes of this Deed, including reports relating to the production, disposition and sale of Processed Product.

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33. OPERATOR'S LIEN

(1) Without prejudice to the rights of the Companies under Clauses 9 and 15 hereof EEPA shall as the Operator have a first lien and charge upon the right, title and

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interest of the Companies in all production of Processed Product to secure the payment by the Companies of all moneys payable by it to EEPA hereunder. EEPA shall be entitled to deduct the said moneys from any sum or sums due and payable by it to the Companies pursuant to this Deed.

- (2) The lien and charge hereby granted shall be in addition to and not in substitution for any other rights or remedies which EEPA as the Operator may have hereunder with respect to the non-payment of any amount owing to it by the Companies. 10
- (3) (i) Where under this Deed any sum of money remains owing to EEPA from any of Laverton, NML or Leonora whether in respect of any called sum under Clause 31 or contingent liability for a period of 10 days beyond the due date then EEPA may give notice to the respective defaulting party or parties of its intention to exercise a power of sale over that party's Participating Interest share of mine production. 20
- (ii) Such notice shall give the defaulting party a period of 21 days to correct the default and pay all sums then owing together with interest as provided in this Deed.
- (iii) If at the expiration of the 21 day period specified in paragraph (ii) above all or any part of the amount owing remains unpaid EEPA may without being obliged so to do exercise the right to sell so much of the defaulting party's Participating Interest share of mine production as shall be necessary to clear the debt then due to EEPA. 30
- (iv) In exercising any power of sale under this Clause EEPA may deduct from the proceeds of sale all



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costs and expenses of such sale. The power of sale hereby granted shall be in addition to and not in substitution for any other rights or remedies which EEPA may have under this Deed.

34. INTERESTS IN NET PROFITS

- (1) If pursuant to Clause 15 hereof the Participating Interest of Laverton, NML or Leonora is converted, to an Interest in the Net Profits of the Project under this Clause as aforesaid that interest shall be at the percentage rate ascertained in accordance with Clause 15 hereof of the Net Profits of the Project realised annually from the sale of Processed Product ascertained in accordance with the succeeding provisions of this Clause. 10
- (2) In this Clause and in Clauses 15 hereof the expression "Net Profits of the Project" means the amount remaining after deducting the total of all costs and expenditures incurred by EEPA and chargeable under normally accepted accounting practice from the total proceeds of the sale of Processed Product. 20
- (3) The Net Profits of the Project shall be calculated and ascertained in respect of each Year.
- (4) If the total of the costs and expenditures chargeable as aforesaid during a Year exceeds the proceeds of the sale of Processed Product during that Year, the resulting net loss shall be carried forward and applied against Net Profits for any succeeding Year or Years. 30
- (5) If any of Laverton, NML or Leonora elect to convert their Participating Interest to an interest in the Net Profits of the Project as aforesaid, the Companies shall thereupon cease to be a Participant for all the purposes of this Deed except in respect of such rights of audit as are provided by virtue of the normally accepted accounting practice.

35. ENTIRE AGREEMENT

The parties hereto respectively acknowledge that this Deed constitutes the entire agreement between them and shall take effect according to its tenor notwithstanding any prior agreement in conflict or variance with it or any correspondence or documents relating to the subject matter of this Deed which may have passed between the parties hereto prior to its execution. 10

IN WITNESS WHEREOF the parties hereto have executed these presents the day and year first hereinbefore written.

SIGNED SEALED AND DELIVERED for and ) ESSO EXPLORATION AND  
on behalf of ESSO EXPLORATION AND ) PRODUCTION AUSTRALIA INC.  
PRODUCTION AUSTRALIA INC. by ) by its Attorney:

IAN GORDON HAYMAN  
its Attorney under Power of Attorney)  
dated the 30th day of September 1978)  
who hereby states that he has no )  
notice of revocation of the said )  
Power of Attorney in the presence )  
of:

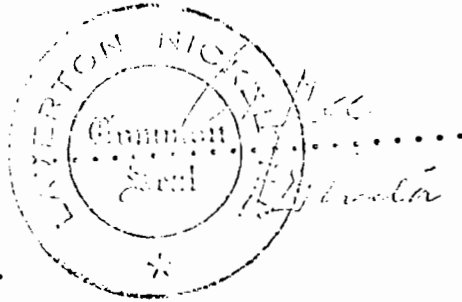
..... I. G. Hayman

20

David H. West.

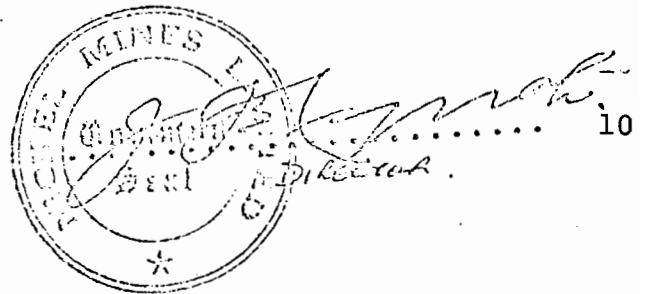
.....

THE COMMON SEAL of LAVERTON NICKEL )  
N.L. was hereunto duly affixed )  
in the presence of :



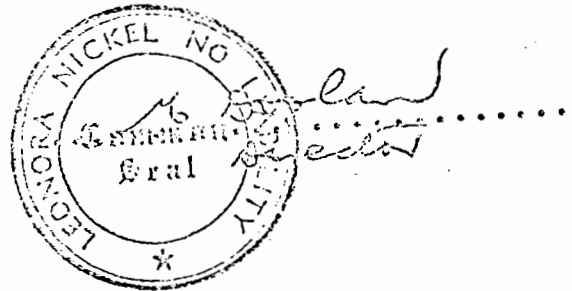
Judith Mathews  
.....

THE COMMON SEAL of NICKEL MINES )  
LIMITED was hereunto duly affixed )  
in the presence of :



Judith Mathews  
.....

THE COMMON SEAL of LEONORA NICKEL )  
N.L. was hereunto duly affixed )  
in the presence of :



Judith Mathews  
.....

INDEX - FIRST SCHEDULE

ACCOUNTING PROCEDURE

LAVERTON - NML - LEONORA - EEPA

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FIRST SCHEDULE REFERRED TO IN THE DEED

BETWEEN

LAVERTON NICKEL N.L.

NICKEL MINES LIMITED

LEONORA NICKEL N.L. - of the one Part

AND

ESSO EXPLORATION AND PRODUCTION AUSTRALIA INC. - of the Other

Part

10

ACCOUNTING PROCEDURE FOR EXPLORATION EXPENSES

PART A. GENERAL PROVISIONS

1. INTERPRETATION

This Accounting Procedure applies up to completion of feasibility studies. Should mine development proceed, an appropriate Accounting Procedure covering this area will be developed for approval by the Parties.

In the event of any inconsistency between the provisions of this Accounting Procedure and the provisions of the Deed to which this Accounting Procedure is the Schedule, the provisions of the Deed shall prevail.

20

The terms "Party" or "Parties" means party or parties to the Deed.

2. RECORDS

- (1) Operator shall maintain and keep true and correct records in Australian currency of all costs and expenditures incurred under the Deed, all in accordance with generally accepted accounting principles, as well as all other data necessary or proper for the settlement of accounts between the Parties in connection with their rights and obligations under the Deed.

30

- 2 -

- (2) Each Party is responsible for its own accounting records required by law or to support its income tax returns or any other accounting records required by Government authority in regard to the joint operations. To enable each party to record such data on its own books, the Operator will provide the Parties with such accounting data as may be required for any regulatory procedures to which the parties may be subjected as long as such data may be available in accordance with the accounting procedure. 10

3. STATEMENTS AND INVOICES

- (1) On or before the 30th day after the end of each month, Operator shall invoice Parties for the proportionate share of expenditures incurred by the Operator on behalf of the joint account during the preceding month. Invoices will be accompanied by statements of all charges and credits to the joint account summarized by appropriate classifications indicative of their nature in accordance with Exploration Expenses Part B. Unusual charges and credits will be detailed. Operator shall use its best efforts to provide any information which a party asks for concerning each statement. 20
- (2) The amount payable to Operator in accordance with the Deed as specified in any invoice issued by Operator shall be due and paid within 30 days after receipt of the invoice.
- (3) Payment will be by telegraphic transfer or cheque at the Operator's option and will be deemed to have been made at the date of posting in the case of a cheque or date of telegraphic transfer. If after the date of the Deed payment is not made within the stipulated time, the unpaid balance from time to time shall bear interest at the rate of 12% per annum from due dates until the unpaid balance is paid in full. 30

4. CURRENCY PROVISIONS

- (1) Operator may incur for the joint account obligations in foreign currencies for goods or services from overseas sources. Such foreign currency obligations will be converted to Australian currency for entry in the joint account at the telegraphic transfer selling rate of exchange as quoted by the ANZ Banking Group Limited in Sydney (or operator's bank in an Australian capital city) for the day in respect of which the entry is made. Any variation between the exchange rate at which a foreign currency obligation is recorded in the joint account and that exchange rate applicable at the time that foreign currency obligation is met, will be charged or credited as the case may be to the joint account. 10
- (2) All moneys payable hereunder by the parties to Operator will be paid in Australian currency unless otherwise agreed between the Parties. 20
- (3) It is the intention of the Parties that neither should gain nor lose as a result of variation in exchange rates, hence, any gain or losses of this nature will be credited to or charged against the joint account as the case may be.

5. ADJUSTMENTS

Payment of any invoices will not prejudice the right of any Party to protest or question the correctness thereof, provided however all invoices and statements rendered to the Parties by Operator during any calendar year will conclusively be presumed to be true and correct after 24 months following the end of that calendar year unless within the 24 month period a Party takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator will be made unless it is made within the same prescribed period. The provisions of this paragraph will not prevent claims involving a third Party or adjustments required by governmental authority. 30

- 4 -

6. AUDITS

(1) The accounts and records of the joint venture will be audited annually by a firm of chartered accountants approved by the Parties and the cost of the audit will be borne by the Parties in the proportions to which they bore exploration expenses at the date of commencement of the audit.

10

(2) Any Party, upon 30 days prior written notice to the Operator, has the right at all reasonable times to audit the Operator's accounts and records relating to the accounting hereunder for any calendar year within 24 months following the end of the calendar year. Where there are 2 or more Parties other than the Operator, such Parties shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to Operator. Operator shall bear no portion of such Parties' audit cost incurred under this provision, unless agreed to by the Operator.

20

7. REVISIONS TO THE ACCOUNTING PROCEDURE

Amendments to or changes in the provisions contained in this Accounting Procedure will be made only by an instrument of amendment agreed to and executed by all of the Parties. It is recognized and agreed by the Parties that Operator will not be entitled to make a profit or require to suffer a loss by reason of serving as Operator and one of the purposes of this Accounting Procedure is to ensure an equitable distribution of costs (either direct or indirect) and credits and the avoidance of any cause or action that is deemed to result in an inequity to any of the Parties. To this end, any Party may initiate negotiations for a revision to the accounting procedures if an alleged inequity should occur. Such negotiations will be handled as follows:

30

(1) Each Party will negotiate in good faith to remedy a



proven inequity. If agreement is reached, an amendment or revision will be executed to remedy the inequity.

- 5 -

- (2) If agreement is not reached as provided in Paragraph (1) above, then the Parties will jointly select a firm of chartered accountants to investigate the alleged inequity to determine if the alleged inequity exists and if it does exist, to recommend the required amend- 10  
ment or action to correct the inequity. The findings of the chartered accountants will be made by them as experts and not as arbitrators and will be binding upon all Parties and any necessary corrective action will be taken unless the Parties then all mutually agree on some other action or solution. If the findings of the chartered accountants support the Party or Parties who initiated the negotiation, the fee of the chartered accountants will be charged to the joint venture; otherwise, the fee will be for the account 20  
of the Party or Parties who initiated the negotiations.

PART B. EXPLORATION EXPENSES

Exploration expenses means all costs, expenses, liabilities and charges incurred and actually paid or accrued (when not cash items) in conducting exploration in connection with the exercise of Operator's rights and obligations under the Deed provided that no charge made by the Operator to the joint venture will contain any element of profit to the Operator. Exploration Expenses includes the following. 10

1. LABOR AND PAYROLL BURDEN

Salaries, wages and reasonable expense of Operator's employees directly engaged in operations under the Deed plus an appropriate proportion for payroll burden. Payroll burden will reflect holiday, vacation and sickness entitlements, disability and employee benefits plans, and similar benefits accorded in general within Australia to employees working in mineral exploration.

2. MATERIAL

Actual cost of materials, equipment and supplies purchased by Operator or furnished from its storehouse stocks or from its other properties for use in or in connection with operations under the Deed. Insofar as is practicable and consistent with efficient and economical operation, only such materials will be purchased for or transferred to operations under the Deed as are required for immediate use and the accumulation of materials and supplies shall be kept to a minimum. 20

3. TRANSPORTATION

Reasonable cost of transportation of employees, equipment, material and supplies necessary for exploration, development, maintenance and operations under the Deed subject to the following limitations: 30

- (1) If material is moved to the lands, the subject of the Deed, from vendors or from the Operator's warehouse or other properties, no charge will be made for a distance

greater than the distance from those lands to the nearest

- 7 -

reliable supply store or railway receiving point where the material is available except by agreement between the parties.

- (2) If surplus material is moved to Operator's warehouse or other storage points, no charge will be made for a distance greater than the distance from the nearest reliable supply store or railway receiving point except by agreement between the parties. No charge will be made for moving material to other properties belonging to Operator except by agreement between the Parties.

10

4. OUTSIDE SERVICES

Reasonable cost of services and utilities procured from outside sources.

5. OPERATOR'S EXCLUSIVELY OWNED EQUIPMENT AND FACILITIES

Charges for Operator's exclusively owned equipment, facilities and utilities on the basis of actual use in the course of, in connection with, or for the purposes of operations under the Deed at rates commensurate with the cost of ownership and operation including depreciation and interest on investment but not in excess of rates currently prevailing for the use of similar equipment, facilities and utilities for similar operations in the area where the lands, the subject of the Deed, are located. Such rates will be revised from time to time if found to be either excessive or insufficient but not more often than once every 6 months.

20

6. INSURANCE - DAMAGE AND LOSSES

Net premiums paid for insurance effected under the Deed and covering joint property and operations.

Rehabilitation costs occasioned by fire, flood, storm, accident or other cause or condition beyond the control of Operator, whether or not similar to the causes or conditions herein specifically enumerated and not compensated for by insurance or otherwise.

30

7. LITIGATION AND CLAIMS

Expenses of litigation, liens, judgments and settlements of claims incurred in or resulting from the operations under the Deed provided always that such expenses in connection with potentially significant litigation or claims will be incurred with the agreement of the parties.

8. TAXES, DUTIES, LEASE RENTALS AND FEES

10

All fees, duties, rentals and taxes of any kind or nature (except corporate, income taxes and capital gains tax and royalties due in respect of a Party's interest) assessed, imposed or levied by any government or governmental authority pursuant to law upon, in connection with or in relation to the joint venture assets or the operation thereof paid by the Operator for the benefit of the joint venture.

9. OVERHEAD

20

A charge will be made to cover any portion of salaries and wages, applicable payroll burden and expenses of any management supervisory, accounting, administrative, purchasing, stores, technical, clerical and other employees and officers indirectly providing services for the purposes of the Deed whose salaries wages and expense are not a chargeable cost under Paragraph 1 of this Part B; also, any portion of the expenses of maintaining and operating all offices and facilities used indirectly for the purposes of the Deed including but without limiting the generality of the foregoing head offices, area, division, district and other similar 30 facilities not required exclusively for the purposes of the Deed. This charge will be determined by the allocation of such overhead costs on a labour basis in accordance with the Operator's usual allocation procedure. Such labour base will be determined by time spent as per timesheets. This procedure for charging will apply should mine development proceed.

During the term of the Exploration Deed to which this Accounting Procedure is annexed, such charge for any calendar year will not exceed 110% of the sum of :

- 9 -

- (a) basic salaries of permanent employees charged to the Joint Account
- (b) payments to casual and contract employees charged to the Joint Account.:

10

The charges provided for under this paragraph will be subject to review by the parties and possible revision from time to time (but not more often than once in any 12 months) if in practice they are found to be insufficient or excessive, provided however that any revision in rates agreed between the Parties will not be applied retroactively.

10. OTHER EXPENDITURES

Any other expenditures reasonably incurred by Operator for the necessary and proper exploration, development, maintenance, operation or abandonment of the lands, the subject of the Deed, or any part or parts thereof and for necessary or proper reclamation and environmental control in respect thereof.

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- 10 -

PART C. CREDITS & PAYMENTS TO THE JOINT VENTURE

1. Operator shall take advantage of and shall credit to the joint venture account all cash and trade discounts, allowances and equalizations, insurance collections, recoveries, credits, salvages, commissions, rebates, refunds, retro-active adjustments, proceeds of sale and any other benefits or payments which accrue to Operator due to the joint venture or in relation to joint venture property.
2. Unless otherwise unanimously agreed by the Parties, any subsidy, prospecting aid or like payment in respect to joint venture operations will be divided between the Parties in proportion to their participating interests in the relevant part of the area in which and at the time the operations were conducted in respect to which such subsidy or payment is made.

10

THE 2ND SCHEDULE REFERRED TO  
TAX PARTNERSHIP AGREEMENT

THIS AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_, 1979  
between LAVERTON NICKEL N.L., a company incorporated in the  
State of New South Wales in Australia, and NICKEL MINES LIMITED,  
a company incorporated in the State of New South Wales in  
Australia, and LEONORA NICKEL N.L. a no liability company  
incorporated in the State of New South Wales whose registered 10  
office is situated at Suite 2, 534 Princes's Highway, Rockdale  
in the said State, (herein jointly referred to as "the Co-  
Venturers") of the one part and ESSO EXPLORATION AND PRODUCTION  
AUSTRALIA INC., a company incorporated in the State of Delaware  
in the United States of America (herein referred to as "EEPA"),  
of the other part, each Party being a Party to a Joint Venture  
Deed dated the \_\_\_\_\_ day of \_\_\_\_\_,  
1979 (hereinafter referred to as the "Joint Venture Deed"). The  
Co-Venturers and EEPA agree as follows regarding the relationship  
of the Parties with regard to United States Income Taxes : 20

- (1) The Parties recognise that their relationship under the  
Joint Venture Deed is a partnership for United States  
Income Tax purposes, but said relationship shall not be  
construed as creating a partnership, association or trust,  
to any other extent or for any other purposes. EEPA shall  
prepare and file any United States Partnership Return of  
Income and make partnership elections on such Return on  
behalf of the Parties for any calendar year during which  
the parties constitute a partnership under the United  
States Internal Revenue Code of 1954, as amended. Prior to 30  
filing such Return, EEPA shall submit a copy thereof to each  
of the Co-Venturers in sufficient time prior to the due date,  
plus any extensions thereof, to permit review and approval.

- 2 -

- (2) EEPA hereby indemnifies the Co-Venturers for any United States income tax liability incurred by the Co-Venturers as a consequence of the execution by the Co-Venturers of this Agreement or the preparation and submission by EEPA of United States Partnership Returns of Income pursuant to the terms of this Agreement.
- (3) Each of the Co-Venturers agree not to elect to be excluded from the Application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue code of 1954, as amended, unless EEPA shall first make such an election. 10
- (4) The Parties agree that for United States income tax purposes the gains and losses from sales, abandonments and other dispositions of property (apart from "Production" and other products, materials or substances produced pursuant to the Joint Venture Deed) and all classes of costs, expenses and credits, including depreciation and depletion, directly attributable to activities undertaken pursuant to said Deed shall be shared and accounted for by each Party in any applicable income tax return as follows : 20
- (a) Production costs shall be allocated as deductions to each Party in accordance with its respective contributions to such costs.
- (b) Exploration costs and mineral development costs, other than those incurred in respect of depreciable property, shall be allocated as deductions to each Party in accordance with its respective contributions to such costs. 30
- (c) Depreciation on equipment and other property shall be allocated to each Party in accordance with its respective contributions to the adjusted basis of such property. The term "adjusted basis" shall mean the adjusted basis as defined in Section 1011 of the Internal Revenue code of 1954, as amended.



- 3 -

- (d) The deduction for depletion with respect of each separate property or elected combination of properties under Section 614 of the Internal Revenue Code of 1954, as amended, shall be allocated between the Parties in the same ratio as the respective parties realize gross income which is subject to percentage depletion as defined in Section 613 of the Internal Revenue Code of 1954, as amended, except if only cost depletion is allowable, such deduction shall be allocated to each Party in accordance with its respective contribution to such cost depletion basis. 10
- (e) Gain and losses for each sale, abandonment or other disposition of property as hereinabove described shall be attributed to the Parties in such manner as to reflect the gains and losses that would have been includable in their respective income tax returns if such property were held by the Parties outside this Agreement. The computations shall take into account each Party's share of the proceeds derived from each sale or other disposition of such property during the year, selling expenses and the Parties' respective contributions to the unadjusted cost basis of such property, less any allowed or allowable depreciation, depletion, amortization or other deductions which have been allocated to the Party with respect to such property as provided herein. 20
- (f) All other classes of costs, expenses and credits not falling with Paragraphs (a), (b), (c), (d), and (e) above, shall be allocated to and accounted for by each Party in accordance with its respective contributions to such costs, expenses and credits. 30
- (g) The accrual method of accounting shall be adopted by the tax partnership and such accounting shall be maintained on a calendar year basis.

- 4 -

- (h) The partnership shall elect, pursuant to Section 616 of the Internal Revenue Code of 1954, as amended, to expense as incurred all eligible mineral development costs.

It is the intent of the Parties to this Agreement that the provisions hereof shall be limited to their application to matters relating to United States income taxes and shall not in any way change, amend, or affect the rights, obligations or liabilities of the Parties otherwise resulting from the Joint Venture Deed or Australian Law, and it is agreed that nothing contained in this Agreement shall be construed as creating an association or corporation of any kind. 10

The Parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

LAVERTON NICKEL N.L.

ESSO EXPLORATION AND  
PRODUCTION AUSTRALIA INC. 20

By \_\_\_\_\_

By \_\_\_\_\_

NICKEL MINES LIMITED

By \_\_\_\_\_

LEONORA NICKEL N.L.

By \_\_\_\_\_

Notice to the Commissioner of Taxation  
Pursuant to Section 122B of the Income  
Tax Assessment Act

We, ESSO EXPLORATION AND PRODUCTION AUSTRALIA INC. (hereinafter called the Purchaser) and LEONORA NICKEL N.L. (hereinafter called the Vendor) HEREBY NOTIFY the Commissioner of Taxation that we have agreed to the inclusion in the allowable capital expenditure of the Purchaser of an amount of \$33.33 being part of the con- sideration for furnishing of prospecting information paid by the Purchaser to the Vendor pursuant to the agreement annexed hereto and marked with the letter "A".

10

SIGNED for and on behalf of  
ESSO EXPLORATION AND PRODUCTION  
AUSTRALIA INC. (Purchaser)

.....  
Public Officer

SIGNED for and on behalf of  
LEONORA NICKEL N.L. (Vendor)  
Taxation File No.

.....  
Public Officer

Notice to the Commissioner of Taxation  
Pursuant to Section 122B of the Income  
Tax Assessment Act

We, ESSO EXPLORATION AND PRODUCTION AUSTRALIA INC. (hereinafter called the Purchaser) and LAVERTON NICKEL N.L. (hereinafter called the Vendor) HEREBY NOTIFY the Commissioner of Taxation that we have agreed to the inclusion in the allowable capital expenditure of the Purchaser of amount of \$33.34 being part of the con- sideration for furnishing of prospecting information paid by the Purchaser to the Vendor pursuant to the agreement annexed hereto and marked with the letter "A". 10

SIGNED for and on behalf of  
ESSO EXPLORATION AND PRODUCTION  
AUSTRALIA INC. (Purchaser)

.....  
Public Officer

SIGNED for and on behalf of  
LAVERTON NICKEL N.L. (Vendor)  
Taxation File No.

.....  
Public Officer

Notice to the Commissioner of Taxation  
Pursuant to Section 122B of the Income  
Tax Assessment Act

We, ESSO EXPLORATION AND PRODUCTION AUSTRALIA INC. (hereinafter called the Purchaser) and NICKEL MINES LIMITED (hereinafter called the Vendor) HEREBY NOTIFY the Commissioner of Taxation that we have agreed to the inclusion in the allowable capital expenditure of the Purchaser of an amount of \$33.33 being part of the consideration for furnishing of prospecting information paid by the Purchaser to the Vendor pursuant to the agreement annexed hereto and marked with the letter "A". 10

SIGNED for and on behalf of  
ESSO EXPLORATION AND PRODUCTION  
AUSTRALIA INC. (Purchaser) .....

Public Officer

SIGNED for and on behalf of  
NICKEL MINES LIMITED (vendor)  
Taxation File No. ....

Public Officer

IN THE SUPREME COURT OF NEW SOUTH WALES

EQUITY DIVISION  
NO. 1691 of 1979.  
NEWMONT PROPRIETARY  
LIMITED  
First Plaintiff  
I.C.I. AUSTRALIA  
LIMITED  
Second Plaintiff  
H.C. SLEIGH  
RESOURCES LIMITED  
Third Plaintiff  
LAVERTON NICKEL N.L.  
First Defendant  
NICKEL MINES LIMITED  
Second Defendant  
LEONORA NICKEL N.L.  
Third Defendant  
ESSO EXPLORATION &  
PRODUCTION AUSTRALIA  
INC.  
Fourth Defendant  
ESSO EXPLORATION &  
PRODUCTION AUSTRALIA  
INC.  
Cross Claimant  
NEWMONT PROPRIETARY  
LIMITED  
I.C.I. AUSTRALIA LTD  
H.C. SLEIGH  
RESOURCES LTD  
LAVERTON NICKEL N.L  
LEONORA NICKEL N.L.  
Cross Defendants  
FIRST PLAINTIFF'S  
REPLIES TO  
INTERROGATORIES OF  
FOURTH DEFENDANT  
COLIN BIGGERS &  
PAISLEY,  
Solicitors,  
33 Bligh Street,  
SYDNEY. N.S.W. 2000.  
Phone: 221-2022.  
DX 280 SYDNEY.

JOHN QUINN the Business Manager of the Plaintiff NEWMONT PROPRIETARY LIMITED answers the fourth Defendants Interrogatories specified in Notice filed 26th October, 1979 as follows:-  
4. Look at the Summonses referred to in paragraphs 2 and 3 hereof. On each occasion when these Summonses came before the Court for mention before the fourth Defendant appeared, what was said to the Court by any Barrister or Solicitor on behalf of any party thereto and what was said by His Honour?

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ANSWER:

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- (i) On 5th February, 1979 Mr. Somerset asked the Court to make orders in accordance with the Short Minutes annexed hereto and marked "A". His Honour Mr. Justice Needham made orders in accordance with those Short Minutes.
- (ii) On 19th February, 1979 nothing was said beyond a request for an adjournment which was consented to and the relevant order made.

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- 6 -

- 6. Look at the Summons referred to in paragraph 2 hereof. At any time after the 3rd November, 1978 did any person on behalf of any of the Plaintiffs request Mr. Hamilton or Exhibit 4H - Interrogatories Nos. 4 & 6 administered to First Plaintiff 1057.

any Solicitor acting on his behalf to arrange for that  
Summons to be heard prior to the 5th February, 1979?

If so, in respect of each such request:

- (a) When was the request made?
- (b) Where was it made?
- (c) Who made the request?
- (d) To whom was the request made? 10
- (e) What was said by the person making the request and  
by the person to whom the request was made?

ANSWER:

No.

7. Look at the Summons referred to in paragraph 3 hereof.  
At any time after the 3rd day of November, 1978 was any  
request made on behalf of any of the Plaintiffs to Mr.  
Hunter or any Solicitor acting on his behalf for the  
said Summons to be heard by the Court prior to the 5th  
February, 1979? If so, in respect of each such request 20  
please specify:

- (a) When was the request made?
- (b) Where was the request made?
- (c) Who made the request?
- (d) To whom was the request made?
- (e) What was said by the person making the request and  
by the person to whom the request was made?

-7-

ANSWER:

No.

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IN THE SUPREME COURT OF NEW SOUTH WALES

COURT OF APPEAL

~~XXXXXXXXXX~~

C.A. 504 of 1978  
E.D. 3848 of 1978

NEWMONT PROPRIETARY LIMITED

First Plaintiff

I.C.I. AUSTRALIA LIMITED

Second Plaintiff

H.C. RESOURCES LIMITED

Third Plaintiff

LAVERTON NICKEL N.L.

First Defendant

NICKEL MINES LIMITED

Second Defendant

WILLIAM JAMES HAMILTON

Third Defendant

LAURENCE BRIAN HUNTER

Fourth Defendant

NOTICE OF APPEAL

P.A. Somerset & Co.  
DX 234 Sydney

COLIN BIGGERS & PAISLEY,  
Solicitors,  
33 Bligh Street,  
SYDNEY.N.S.W.2000.  
Phone: 221-2022.  
DX 280 SYDNEY.

APPELLANTS: Newmont Proprietary Limited  
I.C.I. Australia Limited  
H.C. Sleigh Resources Limited

RESPONDENTS: Laverton Nickel N.L.  
Nickel Mines Limited  
William James Hamilton  
Laurence Brian Hunter

The proceedings appealed from were heard on the 4th December, 1978 and decided on the 6th December, 1978.

The appellants appeal from the decision of Mr. Justice Needham.

GROUNDS:

1. That His Honour erred in holding that the Court has jurisdiction to entertain an application by the third and fourth Respondents as the Provisional Liquidators of the first and second Respondents respectively for approval of the agreement entered into between the parties on 3rd November, 1978.
2. That His Honour erred in applying and failing to distinguish the decision in re Codisco Pty. Limited (1974) Australian Company Law Cases s.40126.
3. That His Honour erred in holding that the jurisdiction conferred by s.236 (3) of the Companies Act, 1961 empowers the Court to control the exercise of powers vested in the third and fourth Respondents by the orders of the Court under which they were appointed the respective Provisional Liquidators of the first and second Respondents.

Exhibit 4J - Notice of  
appeal in Matter No. 3848  
1059. of 1978

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4. That His Honour erred in holding that s. 236(3) of the Companies Act, 1961 has application to Provisional Liquidators.

-2-

5. That His Honour erred in holding that the third and fourth Respondents as the respective Provisional Liquidators of the first and second Respondents, in entering into the agreement with the Appellants on the 3rd November, 1978 were exercising, in part at least, the power contained in s. 236(2)(c) of the Companies Act, 1961. 10
6. That His Honour erred in holding that s. 237(3) of the Companies Act, 1961 applies to Provisional Liquidators.
7. That His Honour erred in holding that the jurisdiction conferred by s. 237(3) of the Companies Act, 1961 may be invoked by the third and fourth Respondents as the respective Provisional Liquidators of the first and second Respondents in relation to the agreement made by them with the Appellants on 3rd November, 1978 prior to the making of winding up orders in relation to the first and second Respondents. 20

ORDERS SOUGHT:

1. That it may be declared that the first and second Respondents are bound by the agreement entered into by the parties on 3rd November, 1978 being exhibit "A" herein.
2. Costs.

Appeal papers will be settled on the \_\_\_\_\_ day of February 1979 at 12 noon in the Registry of the Court of Appeal. 30

To the Respondents: Laverton Nickel N.L. (In Provisional Liquidation), Nickel Mines Limited (In Provisional Liquidation), William James Hamilton and Laurence Brian Hunter all care of P.A. Somerset & Co. Solicitors, 167 Macquarie Street, Sydney

Before you take any step in these proceedings you must enter an appearance in the Registry.

APPELLANTS: Newmont Proprietary Limited a corporation constituted under the laws applicable in the State of Delaware, United States of America and being  
Exhibit 4J - Notice of  
appeal in Matter No. 3848  
1060. of 1978

registered as a foreign company in the State of  
Victoria with its registered office at 535  
Bourke Street, Melbourne Victoria.

I.C.I. Australia Limited a company incorporated  
under the laws applicable in the State of  
Victoria with its registered office at 1  
Nicholson Street, Melbourne. Victoria.

H.C. Sleigh Resources Limited a company incor-  
porated under the laws applicable in Tasmania  
with its registered office at 160 Queen Street,  
Melbourne. Victoria.

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-3-

SOLICITOR: Adrian Leonard Bellemore,  
C/- Colin Biggers & Paisley,  
Solicitors,  
33 Bligh Street,  
SYDNEY. N.S.W. 2000. Phone: 221-2022, DX 280  
SYDNEY.

20

APPELLANT'S ADDRESS C/- Messrs. Colin Biggers & Paisley,  
FOR SERVICE: Solicitors,  
12th Level,  
33 Bligh Street,  
SYDNEY. N.S.W. 2000. DX 280 SYDNEY.

ADDRESS OF REGISTRY: Supreme Court of New South Wales,  
Macquarie Street,  
SYDNEY. N.S.W. 2000.

A.L. Bellemore

-----  
Solicitor for Newmont Proprietary  
Limited, I.C.I. Australia Limited  
and H.C. Sleigh Resources Limited.

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Filed 19 DEC 1978

The deposit has not been extensively drill tested because Great Northern's ore reserve requirement for a 50,000 tpy operation is adequately covered by the small amount of exploration completed to date. The objective of the Joint Venture, if achieved, would be the proper testing of the deposit to accurately determine the open pittable reserves.

The proposal to Joint Venture entails the funding, by Newmont and ICI, of a staged exploration programme to earn a 60% equity in the property with Newmont (Manager) earning 40%, ICI 20% and Great Northern retaining 40%. Great Northern Directors have indicated that they wish to review their position at Herberton in some detail and a response to the offer of Joint Venture is not expected before the end of September. 10

6. LIONTOWN BASE METAL PROPERTY Refer Fig. 1  
Joint Venture Proposition to Nickel  
Mines and Laverton Nickel

Negotiations on the Liontown prospect (pages 1 & 2, July Report) have been delayed by Court action involving the Liquidator of the title-holding companies, Laverton Nickel N.L. and Nickel Mines Limited, and their major stockholder. 20  
A decision on this action given in early September has cleared the way for the Liquidator to call a meeting of stockholders of Laverton Nickel and Nickel Mines on September 21 to ratify minimum acceptable terms for farming-out the Liontown leases. These minimum terms are based on the Newmont/ICI/Sleigh proposal and represent the most satisfactory offer received to date by the Liquidator. Assuming that the stockholders ratify these terms, the Liquidator will be in a position to accept the Newmont proposal in principle, subject to the drawing up of a formal document incorporating the deal and to the ratification of the deal by the N.S.W. Equity Court. 30

The Liquidator is reportedly yet to receive offers from Mount Isa Mines, Cominco, Triako, Metals Exploration and Swiss Aluminium, all of which have expressed interest in Liontown. He has telexed these companies setting a cut-off-date by which he wishes to receive firm proposals from any interested bidder.

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NEWMONT PROPRIETARY LIMITED

MONTHLY REPORT

DECEMBER, 1978

S U M M A R Y

Field activities were suspended early in December at the Sailor and Croydon tin prospects (pages 1, 4) in northern Queensland. Percussion drilling of induced polarisation (I.P.) anomalies at Sailor will be resumed in the new year. Low-grade tin and zinc mineralisation was intersected at Croydon, but the tenor was too poor to justify further testing. The Croydon Authorities to Prospect are being surrendered. 10

Because of the onset of the wet season, drilling has been suspended at the Kamarga zinc-lead prospect (page 3) in north-west Queensland. Field operations are scheduled to resume in April.

Resulting from instructions given by a N.S.W. Supreme Court Judge, the Provisional Liquidators of Laverton Nickel and Nickel Mines have issued tender documents to several companies for Joint Venture at the Liantown basemetal property (page 5), Queensland, notwithstanding an Agreement signed by the Liquidators and a Newmont consortium on November 3. The Newmont group, acting on legal advice from senior counsel, has appealed against the Judge's decision. 20

At the Stuart Range copper prospects (page 9), South Australia, drilling has been suspended over the Christmas period. Field operations will resume on January 6 with the deepening of a drill hole at Joe's Anomaly, 80 km north of the Olympic Dam copper-uranium deposit.

Geological mapping, sampling and gridding for survey control were in progress throughout December at the Elura South basemetal prospect (page 10) and The Grampians tin prospect (page 10) in New South Wales. Percussion drilling will commence at The Grampians early in 1979, and bedrock geochemical drilling is scheduled at Elura South during the first quarter of the new year. 30

Diamond drilling and EMP surveys were completed at the Koongie Park basemetal prospects (page 13) in the Kimberley Region of Western Australia. The Sandiego sulphide body has been sufficiently delineated by drill holes to indicate two small zones of mineralisation; one massive zone containing 3.6 million tonnes grading 8.1% Zn, 1.0% Pb and 1.0 oz Ag/tonne to a depth of 600 m, the other adjacent footwall zone comprising 2.1 million tonnes grading 1.5% Cu and 0.8% Zn to a depth of 450 metres. Diamond drilling of the Rockhole, 40

Hole No. MG	From m	To m	True Width m	Sn %
1	10.0	33.0	11.5	0.11
2	61.0	106.0	22.5	0.06
3	7.0	40.0	16.5	0.06
4	60.0	71.0	5.5	0.08
5	4.0	40.0	18.0	0.08
6	48.0	67.0	9.5	0.08

The Authorities to Prospect in this tinfield are being relinquished, and the Joint Venture will be terminated. 10

5. LIONTOWN BASE METAL PROJECT Refer Figs. 1, 5  
Joint Venture Proposition to Nickel  
Mines and Laverton Nickel

Over the past six years, Newmont has participated in unsuccessful negotiations with the Australian companies, Nickel Mines Ltd. and Laverton Nickel N.L., for a Joint Venture to explore the Palaeozoic volcanogenic base metal deposits at Liontown. These deposits are situated 45 km from railhead at Charters Towers, thence 130 km to the eastern seaport of Townsville. 20

Nickel Mines and Laverton Nickel, from 1970 onwards, had investigated the Liontown deposits below old workings by shallow diamond drilling. They concentrated this drilling (Fig.5) at target depths of 50-80 m along a zone of mineralisation extending over a kilometre in length, discovering stratabound copper-zinc and zinc-lead shoots which develop at depth below, but in the hangingwall of the previously mined vein deposits. A few drill holes probed to 180 m depth down the 50° dip of the zinc-lead shoot, indicating the possibility of extension beyond that depth. 30

Because of the limited drilling below 50 m depth, no significant reserve can be placed on the upper extremity of the small copper-zinc shoot. The average grades are 1.4% Cu, 0.7% Pb, 2.8% Zn, 14.7 gm Ag/tonne and 2.1 gm Au/tonne over a true width of only 3.3 m (10.9ft), indicated by 8 holes over a strike length of 140 m to a maximum depth of 110 m below the surface. To be of commercial significance, this shoot would need to show a marked improvement in thickness, and also in grade, at greater depth. 40

The zinc-lead shoot has been delineated over a strike length of 250 m at a depth of 80 m below surface with 19 drill holes. Three other holes intersected the shoot to a maximum depth of 180 m below

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surface. The drilling has suggested a stratiform body of about 1.5 million tonnes of indicated and inferred mineralisation to 180 m depth, averaging 9.5 m (31 ft) true width, and grading 0.3% Cu, 2.7% Pb, 7.0% Zn, 74.4 gm Ag/tonne and 2.0 gm Au/tonne (0.063 ozs Au/tonne). The zinc-lead shoot remains open-ended for possible extension downdip, although the narrow width of 4 m intersected in drill hole LT-16Y (Fig.5) might be indicating a weakening of the shoot.

One of the drill holes (LT-16) intersected a pyritic zone of 15 m width grading 0.9% Cu and 105.2 gm Au/tonne (3.4 ozs Au/tonne) in the footwall of the zinc-lead shoot. Another hole (LT-21C), well out into the footwall, intersected a length of 13.7 m averaging 4.7% Cu and 10.4 gm Au/tonne. Although such footwall mineralisation is often, in this type of deposit, patchy and discontinuous, it nevertheless requires some further drill testing in the vicinity of these intersections. 10

On November 3, 1978, following several months of negotiations between a Newmont consortium (60% Newmont, 30% ICI, 10% H.C. Sleigh) and the Provisional Liquidators of Laverton Nickel and Nickel Mines, an Agreement was signed by all parties for a Joint Venture at the Liontown property. However, in December, acting under directions from a Judge of the N.S.W. Supreme Court, the Provisional Liquidators issued tender documents on the Liontown leases to Shell, Esso and Pennaroya, notwithstanding the November 3, 1978 Joint Venture Agreement with Newmont, ICI and H.C. Sleigh. 20

The Newmont consortium has, on legal advice from senior counsel, appealed against the Judge's decision and will attempt to injunct the Provisional Liquidators to prevent them from entering into agreement with any other party pending the appeal hearings. Newmont has been advised that Laverton and Nickel Mines consider offers received from Shell and Esso, as a result of the tendering procedure, to be superior to the terms of the November 3, 1978 Agreement and that Esso has now been invited to submit a draft Agreement. It is believed that the Esso offer includes a front-end payment of about \$300,000 together with high-level exploration expenditure commitments to earn an equity in excess of 55 percent. 30

In the event that the Newmont Joint Venture Agreement is confirmed by the Court on appeal, the exploration programme for 1979 would comprise, at the outset, two EMP loops over the known sulphide positions and extended 500 m along the strike from those positions to search for new mineralised shoots. Eight diamond drill holes (Fig. 5), each pre-collared by 200-m percussion holes and drilled on with 70 m of coring, are planned to investigate the copper-zinc and zinc-lead shoots at 75-m intervals at an elevation of -200 m below the surface. 40

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Provision is also made for two drill holes to test EMP anomalies which may be found away from the known shoots. In addition, two deeper drill holes may be needed at a later time to follow-up on the first tier of drilling at the elevation of -300 m below the surface.

6. NORTH QUEENSLAND TIN SURVEYS Refer Fig. 1  
40% ICI, 20% H.C. Sleigh,  
40% Newmont (Manager)

This Survey Joint Venture evolved from the Sailor tin project and the evaluation of the Baal Gammon property. Its purpose is to explore for other cassiterite-bearing greisen and porphyry deposits in the Herberton, Kangaroo Hills and Cooktown tinfields. The basic conceptual model being used in greisen exploration is that the discovery of concealed or partly concealed granite cusps provides the most favourable situation for preservation from erosion of major tin deposits of the type being mined on a large scale in Czechoslovakia. Extensive prospecting has been carried out over many decades in these Queensland tinfields, such that the outcropping chlorite-pipe and lode-tin deposits are well documented, and those of merit have generally been intensively explored. Greisen bodies of relatively low grade (0.2-0.5% Sn) have received less attention in the past, particularly in situations such as Sailor where large greisen bodies are mostly covered by sedimentary cappings. Because of the frequent association of disseminated pyrite with the cassiterite, these mineralised bodies may be indicated below the cappings by the induced polarisation method. 10 20

Preliminary geological reconnaissance in the latter part of 1978 in the Herberton tinfield has disclosed alteration zones and greisen mineralisation similar to Sailor at Stannary Hills, Fingertown and Excelsior. In 1979, more detailed mapping and sampling will be carried out as a prerequisite to ground acquisition over specific target zones. Action is being taken early in January to stake mining leases over the Fingertown greisens. 30

7. MOUNT GARNET TIN PROJECT Refer Fig. 1  
40% Comalco, 20% ICI,  
40% Newmont (Manager)

Full tin assay data were received in December for the percussion drilling of the Deadman Gully skarn prospect, located some 5 km south of the Sailor prospect. On one cross section, drill holes DG-2 and DG-3, 25 m apart, showed interesting developments of mineralisation at shallow open-pittable depths. 40

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3. MOUNT GARNET TIN PROJECT Refer Fig. 1  
 40% Comalco, 20% ICI, 40% Newmont (Manager)

A re-appraisal of the exploration results from the Deadman Gully tin-skarn, 5 km south of Sailor, showed that the mineralisation was unlikely to have sufficient extent to be of commercial significance. Consequently, the tenements will be relinquished and the Joint Venture terminated.

4. NORTH QUEENSLAND TIN SURVEY Refer Fig. 1  
 40% ICI, 20% H.C. Sleight,  
 40% Newmont (Manager)

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Arrangements were made to stake mineral leases to fully cover the Fingertown tungsten-tin prospect, 90 km southwest of Cairns. It is expected that an option will be negotiated with the vendor of a 21-ha lease which covers the main part of the prospect.

At a Joint Venture Meeting held on January 31, representatives approved the continuation of the Survey over the first half of 1979. Emphasis will be placed on evaluating greisen belts east of Fingertown and at Mount Gibson and Top Nettle Creek. Survey work is also planned for the Mount Surprise-Newcastle Range, 80 km southwest of Mount Garnet, where a number of tin and tungsten prospects are located in Elizabeth Creek Granite and in alluvials adjacent to the Granite.

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A budget of \$85,000 (\$34,000 net to Newmont) was approved for the first half of 1979.

5. LIONTOWN BASE METAL PROJECT Refer Fig. 1  
 Joint Venture Proposition to Nickel Mines  
 and Laverton Nickel

There have been few developments during January in attempts to have the Newmont consortium's Liontown Contract ratified. Early in February, proceedings in the Equity Division of the N.S.W. Supreme Court established the Newmont group's right to be heard on the subject of ratification of the Contract, but the Hearing was adjourned until February 19 when legal argument will be presented.

30

Having been joined as party to the proceedings, Newmont can now summons documents which will disclose the details of the principal competing offer by Esso on or before February 19. In that regard, it is understood that finalisation of a Joint Venture Agreement between Esso and the Provisional Liquidator is not progressing well. This may be to the benefit of the Newmont consortium. With the exception of the review of the Newmont consortium's Contract by the Equity Division of the N.S.W. Supreme Court, all other Government approvals to which the Contract is subject have been obtained.

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A Joint Venture Meeting in December, approved EMP testing within each area plus limited follow-up drilling. Newmont advised that in the light of the Company's desire for increased equity in projects, it would not automatically be proposing to designate further areas for the Lachlan Joint Venture, and wished to reach some conclusion on the merit of the E.L.s held by this Joint Venture by the middle of 1980.

- 4. COOMA, NEW SOUTH WALES Refer Fig. 1 10
  - 38.3% Aberfoyle, 20% ICI,
  - 3.3% Mr. J. Kahlbetzer,
  - 38.3% Newmont (Manager)

During October 1979, an offering was received from Aberfoyle Exploration on the Harnett base metal prospect, located 80 km south of Canberra. The data appraisal indicated scope for finding massive sulphide mineralisation within a zone some 3 km in strike length which could be investigated by three EMP loops.

A Joint Venture proposal has been formulated, in which Newmont-ICI can earn a two-thirds interest in an Exploration Licence covering the Cooma district, including the Harnett prospect, through a staged programme involving an aggregate expenditure of \$200,000 no later than the end of 1981. The first stage commitment of \$35,000 is fixed, with the right of withdrawal at any time thereafter. 20

- 5. LIONTOWN, QUEENSLAND Refer Fig. 1 30
  - 20% Laverton Nickel,
  - 20% Nickel Mines,
  - 18% ICI, 6% H.C. Sleigh,
  - 36% Newmont (Manager)

Since 1973, Newmont has participated in unsuccessful negotiations with the small Australian companies, Nickel Mines Ltd. and Laverton Nickel N.L., for a Joint Venture to explore the Palaeozoic volcanogenic basemetal deposits at Liontown. These deposits are favourably situated 45 km from the railhead at Charters Towers, 130 km from the major eastern seaport of Townsville.

Newmont signed an Agreement with the Provisional Liquidators of Nickel Mines and Laverton in November 1978.

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However, in December 1978, acting under directions from a Judge of the New South Wales Supreme Court, the Provisional Liquidators issued tender documents on the Liantown leases to Shell, Esso and Pennaroya, notwithstanding the November Joint Venture Agreement with Newmont, ICI and H.C. Sleight.

The Newmont consortium appealed against the Judge's decision. Since then a number of court hearings have been held, but legal argument is continuing, and the matter is unlikely to be resolved before 1981.

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6. STUART RANGE, SOUTH AUSTRALIA Refer Fig. 1  
50% Getty Oil,  
50% Newmont (Manager)

The Stuart Range Joint Venture was established in 1977 to explore areas north of Western Mining Corporation's huge copper-gold-uranium discovery at Olympic Dam, 520 km NNW of Adelaide. During 1979 three holes were deepened to 900 m, 890 m and 1,500 m respectively. Seismic reflection data suggested that basement lay well below the base of the holes, none of which intersected any mineralisation. Since all obvious targets in the Stuart Shelf have now been tested, Newmont gave notice of its intention to withdraw from the Joint Venture effective from December 31, 1979.

7. NORTH POLE, WESTERN AUSTRALIA Refer Fig. 1  
40% Dresser Minerals, 20% ICI,  
40% Newmont (Manager)

Late in 1978, Newmont/ICI staked claims and took out a 100 sq km Temporary Reserve around a major domal volcanic structure, 120 km southeast of Port Hedland. Dresser were mining barite in the area, and a Joint Venture was established with them to explore using EMP, the possibility of massive sulphide occurring down-dip from the thick barite horizons. Four EMP loops were completed in mid-1979. No conductors were located.

At a Joint Venture Meeting during June, it was decided to obtain further stratigraphic information on possible facies changes down-dip of the barite horizon using large-capacity percussion drilling. Three percussion holes for a total of 1,000 m were planned along an east-west section, east of Dresser's Zone-A barite body, for drilling when a suitable rig became available.

14/..

January 11, 1979

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MEMORANDUM: File

FROM: J.C. Quinn

SUBJECT: STATUS REPORT LIONTOWN VENTURE

The following notes record the developments on this property since Justice Needham rejected the Newmont consortium application on December 6, 1978.

December 6, 1978

The Provisional Liquidator of Laverton Nickel, in accordance with instructions from Justice Needham, called for tenders for a joint venture on the Liontown area from Shell, Esso, Penarroya and the Newmont consortium. The specified closing date for the tenders was December 21st. 10

December 21, 1978

The Provisional Liquidator advised that the share holders' committee was then reviewing offers from both Shell and Esso which appeared to be more favourable to Laverton/Nickel Mines than the terms of the Newmont consortium's November 3, 1978 contract.

The Provisional Liquidator further advised that he was of the opinion that the petition for the winding up of Laverton Nickel, which was lodged by the Corporate Affairs Commission of N.S.W., was likely to be withdrawn on or before February 22, 1979 when the matter was listed to again come before Justice Needham. As a result, the Provisional Liquidator was leaving a decision on which offer to proceed with to the share holders' committee and Mr. J.J. Lynch. 20

December 22, 1978

On instructions from the Newmont consortium, a notice of appeal was filed against Justice Needham's December 6th decision on our earlier application. A copy of the notice of appeal is annexed hereto. 30

On or about the same date, the solicitors for the Provisional Liquidator lodged an ex parte summons for directions from the Equity Division of the N.S.W. Supreme Court with respect to the November 3, 1978 contract with the Newmont consortium. The summons was lodged in compliance with a provision of the contract which required an application by Laverton and Nickel Mines for approval of the November 3rd contract within three months of the date of that contract. 40

Exhibit 4P - Memorandum of J.C. Quinn.

January 4, 1979

The Provisional Liquidator advised that on instructions from the committee of share holders, Esso had been invited to submit a contract for a joint venture

- 2 -

on the Liantown area. The Provisional Liquidator was unwilling to disclose any terms of the Esso offer but did indicate that the Esso contract would also be conditional upon approval of the Equity Division of the N.S.W. Supreme Court. 10

I indicated to the Provisional Liquidator that based upon advice of senior counsel, we would have no option but to proceed with our appeal if Laverton or Nickel Mines attempted to enter into a second contract with Esso on the Liantown area. I indicated to him that our preference was to avoid litigation if at all possible, and if the committee of share holders was willing to meet with us and to discuss frankly the nature of the Esso offer, that there may be grounds for compromise. 20

The Provisional Liquidator referred this to the committee of share holders who countered with the proposal that they would consider any late tender from the Newmont consortium. However, they advised that there would be little point in the Newmont consortium tendering unless such tender involved a cash payment to Laverton/Nickle Mines approximating \$300,000 to cover the first two years of exploration plus provision for a 49% interest to Laverton and Nickel Mines.

From the nature of the discussions, I would interpret that Esso have offered about \$250,000 for the first two years, plus a 40 - 45% interest for Laverton and Nickel Mines. I told Hamilton we had no intention of submitting any tender when we already had a contract, and that I saw little point in trying to reach a compromise upon the terms suggested. 30

\* \* \* \*

The position as it now stands is that the Laverton/Nickel Mines summons for directions is returnable on February 5th but is unlikely to be heard on that day. The Newmont consortium Barrister will appear on that day and seek to be joined in the application proceedings. If joined, we will at that stage subpoena the Provisional Liquidator's documents and will be able to confirm the nature and detail of the Esso offer. 40

On February 8th, appeal papers associated with the Newmont consortium appeal are scheduled to be settled, but it is unlikely that the appeal will be heard for at least 2 - 3 months.

I have asked our solicitors to schedule a meeting with our Barrister in the second half of January with a view to reviewing in detail our position and the various options which are available to us. I will keep the other parties advised of the date of this meeting and would hope that they could be represented at such meeting.

John Quinn  
J.C. Quinn.

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JCQ:JP

cc. R.L. Abbott, ICI  
G.J. Reaney, HCSR

IN THE SUPREME COURT )  
OF NEW SOUTH WALES )  
COURT OF APPEAL )

CORAM: HOPE, J.A.  
GLASS, J.A.  
MAHONEY, J.A.

FRIDAY, 20TH JULY, 1979.

NEWMONT PTY. LTD. & ORS. V. LAVERTON NICKEL N.L. & ORS.

MR. GRIEVE appeared for the appellant.  
MR. McHUGH appeared for the first defendant.  
MR. RAYMENT appeared for the sixth defendant  
MR. WOODS appeared for Lenore Nickel N.L.

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HOPE J.A.: Is there any appearance for the party that was  
joined? (no appearance)

MR. RAYMENT: I appear for the sixth defendant to the summons,  
that is Esso Exploration Production.

MR. WOODS: I appear for Lenore Nickel N.L.

MR. GRIEVE: It was thought that agreement could be reached on  
the statement of facts but we have been told by the solicitors  
acting for the first two respondents that in their view it  
would be impossible to agree on the facts. That being so and  
having regard to what your Honours indicated on the occasion  
before last, it now appears inevitable that it will have to be  
referred back to the court of first instance.

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HOPE J.A.: What in your view do you think should be done?

MR. GRIEVE: Simply that proceedings be remitted back to the  
court of first instance. So far as costs are concerned we  
would concede, having regard to what was said on the occasion  
before last which I think from recollection was, but in any  
event, 15th June, that we have to meet the cost of the adjourn-  
ment of that day but as to the balance of costs, we submit the  
proper order would be costs in the hearing.

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HOPE J.A.: There are costs in the original hearing.

MR. GRIEVE: I would not seek to interfere with that order.

HOPE J.A.: There are costs in the appeal.

MR. GRIEVE: It first came before this court on 14th June and  
then was adjourned to the 15th and then adjourned to the 22nd  
and on the 22nd it was stood over by consent to the 6th July  
and on that date it was stood over by consent to today. In  
effect what has happened since 15th June is simply that the  
parties have been endeavouring to reach agreement on the set of  
facts.

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HOPE J.A.: You referred us to a specific date.

MR. GRIEVE: That was 15th June, the second day in the proceedings, when at that stage after some discussion it appeared that the issue raised in the appeal would not necessarily resolve or of the issues and at our instigation or rather, should I say, at the court's invitation, by our application the matter was stood over in order that attempts could be made to formulate the facts.

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1.

At p.28 of the transcript, "My present view is, as this is really your application" - that is Mr Meagher - "And it is an appeal that ... in breach of the rules", to which Mr Meagher replied, "That may well be the necessary consequence". As far as I can ascertain from the transcript that was all that was said about costs on that day.

With that exception, I would submit that the proper order for costs of the appeal be reserved to abide the ultimate outcome of the proceedings.

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HOPE J.A.: You submit that the costs, apart from the costs of that adjournment which it would be appropriate for your client to pay, that the costs of the appeal abide the event before the judge of the first instance?

MR. GRIEVE: Yes.

HOPE J.A.: Who makes the order?

MR. GRIEVE: His Honour would in the first instance.

HOPE J.A.: He may make some complicated order of costs. It may not be some simple event from which cost would obviously follow. What about the appeal itself?

30

MR GRIEVE: We ask your Honours not to make any final determination one way or the other as to the narrow issue raised in the appeal.

HOPE J.A.: That issue is one of the issues to be resolved.

MR GRIEVE: Yes. If this matter is referred to the first instance, one can assume that that issue will be determined as his Honour has determined it.

MAHONEY J.A.: The point that was originally involved, there were four amendments made.

MR. GRIEVE: If we were to press on with the appeal on that point and that point alone and if your Honours were minded to

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uphold that appeal and that point was whether or not the court has power to grant an application for an approval to an agreement of this nature. The appellant contend of course that his Honour erred in finding that it did have power. If that were tested -

HOPE J.A.: And it was followed that you struck that out of the contract.

MR. GRIEVE: Yes, then there would be on the face of the agreement I would suggest that the agreement was not binding and we would have sought a declaration to that effect as a relief sought from this court. What has happened in addition to that is that other issues have emerged in the course of discussion to suggest that it may be somewhat academic to decide that question on its own in that there are a number of other questions which bear on the question of a binding or otherwise nature. 10

HOPE J.A.: You could easily lose on the question of construction. 20

MR GRIEVE: Yes, true. But of course at least arguably we could win on all points and it may be in some of the other parties interests to seek to raise some of these issues.

MAHONEY J.A.: It is a matter entirely for you but can you start again and leave the appeal pending here?

MR. GRIEVE: We had in mind in effect leaving the appeal on the narrow ground here. It may well be more convenient and as it happens

2 (Mr Grieve)

my clients some months back took proceedings to enforce the agreement. Those proceedings have been stood over pending the outcome of this appeal so it may well be that the simplest and best thing for the court is simply to adjourn this appeal generally and make no other order, subject to any order for costs. If I may say so with respect, that is the course that commends itself to me. 30

MR. MCHUGH: We would ask that an order for costs be made in our favour and if the court is going to stand the matter over generally then it may be that the only practical thing is to in effect reserve the question of costs, depending upon the constitution of the bench and so on. It appears now that there will be very considerable other issues involved in this case. For example there are other issues concerning the question of the consent of the Minister for Mines for Queensland; a question as to whether or not some of these leases belong to the 40



Exhibit 4Q - Court of  
Appeal Transcript

respondent and it is quite obvious that the litigation is going to grow quite considerably and the matter will have to be dealt with by way of statement of claim with various defences and so on. It also seems fairly obvious from investigations of the facts that the very narrow issue that came up here will be probably submerged in a flood of facts and other issues. I think realistically and in fairness to everyone it is probably better for the court to stand the matter over generally and reserve the matter of costs. I could probably argue for some costs at this stage but I think it would be better to reserve the question of costs.

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MR. RAYMENT: I have nothing further to add.

MR. WOODS: I have nothing further to add.

HOPE J.A.: There is a practice adopted in this court not to stand matters over generally. What I have in mind doing is to stand it over for a year with leave to restore on 14 days notice.

I stand the appeal over to the 10th August 1980 with leave to any party to restore in the meanwhile on 14 days notice. The costs of the appeal to date are reserved.

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