

39/85

IN THE PRIVY COUNCIL

NO. 28 of 1985

ON APPEAL
FROM THE COURT OF THE SUPREME COURT OF WESTERN AUSTRALIA

B E T W E E N :

HAMERSLEY IRON PTY LIMITED

Appellant
(Respondent)
(Plaintiff)

- and -

1. THE NATIONAL MUTUAL LIFE ASSOCIATION OF AUSTRALASIA LIMITED,

2. LANGLEY GEORGE HANCOCK,

3. ERNEST ARCHIBALD MAYNARD WRIGHT,

4. HANCOCK PROSPECTING PTY LTD,

5. WRIGHT PROSPECTING PTY LTD AND

6. L.S.P. PTY LTD

Respondents
(Appellants)
(Defendants)

RECORD OF PROCEEDINGS

PART II
VOLUME IV

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(APPELLANTS) (DEFENDANTS)

ON APPEAL

FROM THE FULL COURT OF THE SUPREME COURT OF WESTERN AUSTRALIA

B E T W E E N :

HAMERSLEY IRON PTY LIMITED

Appellant

(Respondent)

(Plaintiff)

- and -

LANGLEY GEORGE HANCOCK, ERNEST

ARCHIBALD MAYNARD WRIGHT, HANCOCK

PROSPECTING PTY LTD, WRIGHT

PROSPECTING PTY LTD AND L.S.P. PTY LTD AND

THE NATIONAL MUTUAL LIFE

ASSOCIATION OF AUSTRALASIA LIMITED

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The domestic iron ore industry is both healthy and vigorous . . . but there is a great challenge in making iron-bearing materials acceptable at reasonable and competitive price-quality ratios

By CHRISTIAN F. BEUKEMA
President
Oliver Iron Mining Division
U. S. Steel Corp.

EXHIBIT "38" - Copy article entitled "State of Iron Ore Mining Industry" by Christian F. Beukema February 1961

State of the Iron Ore Mining Industry

IN preparing this review on the status of the iron ore industry, considerable attention was given to the excellent presentations on this subject in recent years. The writer was impressed by the fact that these papers all record and predict an inevitable transformation pattern within the iron ore industry from the just plain digging of earlier years toward more and more complicated ore processing and metallurgy on an international scale. This transformation has indeed changed many fundamentals in the industry, relating not alone to mining economics, but to iron and steel making practices and to iron ore marketing concepts as well.

The dominant theme of recent papers on the status of the industry has been the vigorous expansion undertaken to meet the challenging demands of the steel industry for greater availability of higher quality iron

ore metallics. Reports of expansion projects all across our country, as well as abroad, have given assurances of adequate supplies for the many growing market areas both at home and elsewhere in the Free World. They have also recited the fact that new and supplementary iron ore supplies of superior quality offer such benefits to blast furnace practices that, particularly in less favored areas, mining and ore dressing techniques have been required to advance rapidly to satisfy the most quality conscious iron ore buyers in history.

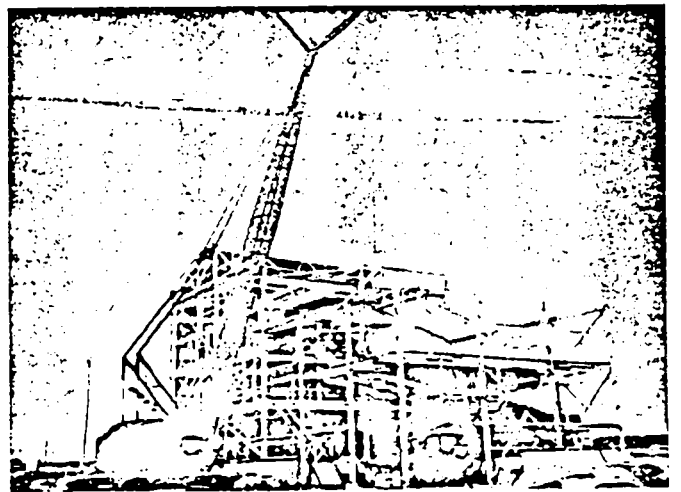
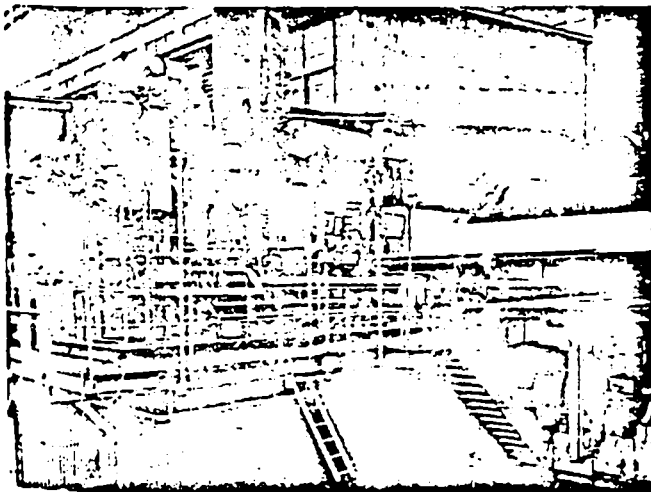
Because of the comprehensive detail of previous papers regarding the year by year status of the iron ore industry, its developments area by area, country by country, and company by company, and because of the excellent coverage mining journals have given these projects, the author has departed from the usual format and invites the reader to look at just

how rapidly the transformation of this industry is occurring.

Tough Competition Characterizes Industry Today

Probably the first startling change to be noted is that nowhere in the industry today is any supplier assured a market free from competition that might arise at any moment from an ore with a better price-quality ratio. As a result of higher ore costs, higher coke costs, higher labor costs, and higher facilities costs, buyers of ore will not accept just "any iron ore." Iron ore has been transformed from a raw material, flowing regularly from mines in specific geographical areas to other specific geographical areas, to a commodity of great abundance available in better qualities from many different sources, which competes in a world-wide market.

Thus we see the iron ore industry



(Left) Gas generating unit of semitaconite pilot equipment being built by Oliver Iron Mining Division adjacent to its Trout Lake iron ore concentrator near Coleraine, Minn. This facility will be used in an attempt to develop methods for processing semitaconite, a low-grade non-magnetic iron bearing rock, which occurs predominantly on the western Mesabi range. (Right) Scheduled for operation during the coming iron ore season, the new Sherman concentrator of United States Steel's Oliver Iron Mining Division at Buhl, Minn., will concentrate low-grade ores from the company's nearby Monroe and Sherman mines with the aim to make them competitive with ores and concentrates from other sources

FEBRUARY 1961

EXHIBIT "38" - Copy article entitled "State of Iron Ore Mining Industry" by Christian F. Beukema February 1961

today as one which is operating on an international basis, producing iron ore metallica of the highest quality at the lowest possible price to meet the demands of ore buyers both at home and abroad. This is the only way in which the iron ore industry can serve the steel industry in the United States or elsewhere and meet the challenging demands of the Free World's growth, with a minimum inflationary impact on our economy at home.

Any review of the facts of the current situation will clearly establish that the domestic iron ore industry is both healthy and vigorous. This does not mean that it is not at the same time locked in a competitive battle for markets in which there is available an abundance of iron ore of quality superior to that which the iron and steel industry previously demanded. In such a situation, it is not unusual that problems and dislocations may result. However, even a reduction in a share of a domestic market in certain geographical areas is not conclusive evidence of distress in the domestic iron ore mining industry.

In some areas, labor requirements to upgrade low grade ores to merchantable quality has substantially increased employment needs, even though domestic direct shipping ore from those areas is neither marketable, nor is it in some cases, available. The availability of high quality foreign iron ore in a certain market area may even prove to be beneficial to local production. For example, ores produced from reserves in Minnesota, Michigan and Alabama, to name a few places, can be mixed in limited quantities with high grade foreign iron ores at an over-all mutual economic advantage. This is true also in Europe and other locations. Without high quality foreign ores for such mixing, the usage of ores from many local areas would be extremely questionable in the competitive world of today.

Price-Quality Ratios Govern Ore Marketability

The marketability of the various iron ores available to the U. S. today from both domestic and foreign sources is controlled primarily by their respective price-quality ratios. The quality may be inherent in the ore as it is mined, or it may be induced into the product by beneficiation and agglomeration.

Prices are influenced in the main, assuming constant demand, by two important factors: (1) the costs as-

Christian F. Beukema is president of Oliver Iron Mining Division of U. S. Steel Corp. He joined U. S. Steel in 1940 at its Michigan Limestone Division where he later served as construction engineer and in operations planning. From 1949 to 1951 he was special assistant to U. S. Steel's vice president—raw materials and for the two years following this assignment was director of planning in the raw materials division. In 1953 he returned to Michigan Limestone as general manager after which he became vice president and president in 1954 and 1955, respectively. Beukema was appointed to his current post early last year.



sociated with mining and beneficiation; (2) transportation and handling costs. But the hidden costs of artificial trade restrictions can also be important, whether they arise through taxes or some other type of protective trade barrier. In today's free market throughout the world, the best ore at the lowest price to the purchaser commands the market, and ores with undesirable price-quality ratios are relegated to a minor role of only supplementary importance.

The price-quality ratio is also a major determinant in the flow of investment capital into iron ore ventures. Competition is indeed formidable, but despite many investments in foreign iron ore ventures, there has been a flow of investment capital in unprecedented amounts into domestic iron ore projects as well. These investments are spread across our country in Wyoming, in Missouri, in Pennsylvania and in many other states, as well as in the Lake Superior District.

It has been estimated that the amount of capital money committed

Estimated receipts and consumption of iron ore at United States furnaces for the year 1960

Source of ore	Receipts, gross tons	Consumption, gross tons
<i>United States ores</i>		
Lake Superior district	61,590,000	51,965,000
Other United States ores	14,670,000	14,839,000
Total United States ores	76,260,000	66,804,000
<i>Imports</i>		
Canadian ores	10,990,000	11,810,000
Other foreign ores	24,100,000	22,039,000
Total imports	35,090,000	33,849,000
Total receipts and consumption at U. S. furnaces	111,350,000	100,653,000

to iron ore production in this country during the past decade exceeds a billion dollars. In Minnesota this includes plants not only for taconite processing, but also for processing ores that once would have been "direct shipping," although not so qualified today. These investments have been made to provide for the quantity and the quality of ore needed for and demanded by the furnaces in today's market. They are the manifestation of the dedication of the domestic iron ore industry to endeavor to provide and market the iron ore requirements of this nation competitively with ores from other sources.

Future of Industry Tied to Business Climate

There is an abundance of iron units in iron-bearing materials in the United States—there is no shortage here or in the world. There is, however, a great challenge in making these iron units acceptable at reasonable and competitive price-quality ratios.

Through research and engineering, some low grade ores are being converted into premium products. New and advanced methods of mining and processing and even the employment of automated techniques are being used to insure better quality control. These efforts cannot, however, do the whole job without cooperation from employes to improve efficiency and reduce costs, nor without a general recognition that no undertaking can prosper unless there is a satisfactory business climate.

In our greatest iron ore producing state, Minnesota, that aspect of business climate—the tax climate—is a matter of paramount concern to the iron mining industry. There is local reluctance to recognize that the high fixed investment costs required by new technologies require public assurance of equitable taxes. Currently the tax base in Minnesota depends heavily on so-called "natural ores" through (1) an ad valorem tax on unmined "ore" reserves presumed to have future value, and (2) high occupation or severance taxes applicable to production. Despite the progressive depletion of this tax base, there is no governmental or general public recognition of the necessity to wean the state and local government activities from the support of this previously lucrative source of revenue.

In 1960 Oliver Iron Mining Division of U. S. Steel Corp. paid the largest Minnesota ad valorem tax in its history, on the least ore reserve in its history, at a time when the re-



The bony ribs and rocky floor of this portion of the Rouchleau mine at Virginia, Minn., bear witness to better days. The bulk of today's production now comes from another section of the mine. In the distance is the vast opening of the once great Misabe Mountain mine

maining reserves as they occur were of limited and even questionable marketable value. A further sobering thought is provoked by the fact that in many years Oliver Iron Mining Division has paid more money in occupation taxes alone in Minnesota than would U. S. Steel as a whole have paid had all of its profit, wherever generated, been taxed at the prevailing Minnesota income tax rate applicable to industry other than iron mining.

Effect of Iron Ore Imports on Domestic Industry Under Study

The iron ore industry is following with interest the Tariff Commission inquiry into the alleged injury to the domestic industry by iron ore im-

ports. To our knowledge, there is no evidence that this inquiry was inspired by any industry request. However, there have been widely reported statements in Minnesota that the result of the investigation is expected to support a need for remedial national relief to the economy of the ore producing area which has not shared fully in the pattern of national growth.

The course of the inquiry may be expected to reveal that Minnesota low grade iron ore developments continue to be exceeded in the aggregate by similar developments in other states and in Canada. I believe the inquiry will also disclose that Minnesota's methods of taxing iron ore have had a direct cost impact on the national economy as a consequence of iron

ore prices, and hence iron and steel prices, being forced to carry excessive tax costs.

While any objective study of Minnesota taconite development will find the technology well advanced, certainly such a study will also show that the prospective investors in future sources of iron ore in Minnesota have not yet found, nor have they been offered, definitive assurances that the tax burdens of the past will not be shifted increasingly to taconite investments as the natural ore tax source is depleted. It is inconceivable that an objective review of this local situation, in the important national sense, will lend support to proposals of assistance, whether in the form of protective tariffs, import quotas, or relief programs, at national expense for the benefit of an area as long as that area continues unwilling to recognize that jobs can be more important than taxes to both the State and its people.

Since 1914, Minnesota and its taxing subdivisions have captured from the iron ore mining industry, \$1.25 billion in tax revenues. It is my firm conviction that Minnesota can realize investments in iron ore beneficiation facilities of a like amount with attendant employment increases in the next 10 to 15 years, if it will but awaken to the need of assuring fair and equitable tax climates conducive to risk capital investment in all its iron mining districts.

Answer to Industry Problems is Not Tariffs or Quotas

In the long range, of course, tariffs or quotas cannot help either the iron ore industry or our country, and we suggest that import restrictions on iron ore be considered in their proper perspective.

Basically, the "iron ore industry" is an essential supplier to the steel industry which supplies fabricators and manufacturers with the materials with which to build and produce consumer goods. Our nation must take care that it does not do great harm to the basic steel industry by misguided efforts to "protect" the domestic iron ore industry and, by so doing, augment iron and steel production costs, and thus jeopardize further the competitive position of our iron and steel industry both at home and abroad and weaken our nation.

And there are even further aspects. For example, several months ago a prominent Canadian made this incisive observation, "You probably

(Continued on page 99)



Almost one quarter mile long, the Erie Mining Co. concentrator at Hoyt Lakes, Minn., houses some of the equipment necessary for processing low grade taconite into high grade iron ore pellets. This is one of several large structures in the complex flowsheet and is part of a \$300,000,000 project built entirely with private capital

...ning equipment and mining machinery have been sold. Cobalt prices have declined mainly and even Canadian producers announced that they will be unable to continue operations. Although there is some by-product production in the U. S., the principal source of cobalt for domestic consumption is now the Congo and Castro's Cuba. Cobalt is on the free list.

Chromite

Domestic production of chromite is limited to the Moutat, Mont., operations of American Chrome Co. on a Government contract which expires this year. Metallurgical investigations, looking toward the production of ferrochrome, are reported as satisfactory, but the recent decline in imported chrome ore prices must make continued operation considerably less than certain.

Metallurgical grade chrome production on the West Coast and in Alaska ceased in 1958. These chrome mines are no longer on a stand-by basis but are closed and caved. Little of the reserves developed are now available.

Chrome in the ore is worth approximately three cents a pound, as ferrochrome it is worth 30 cents a pound, and as electrolytic chrome metal it is worth a little over \$1 a pound. United States' requirements of chrome come from Turkey and the east coast of Africa. Chrome is on the free list.

Columbium

The only producer of appreciable amounts of columbium, Porter Brothers in Idaho, discontinued mining operations early in 1960. Columbium in the ore is worth less than \$2 a pound but, as the metal, is worth \$50 a pound. United States' requirements of columbium come from Brazil and Africa. Columbium is on the free list.

Manganese

Domestic production of manganese has declined drastically since the termination of the Government purchase program. A small amount of battery manganese and special-purpose manganese is being produced in Montana. The Three Kids operation in Nevada is still operating but will not continue beyond the middle of the year. Current United States' requirements come from Brazil, India and Africa. Manganese in the ore is worth approximately three cents a pound and, as electrolytically reduced metal, slightly

over 30 cents a pound. Tariff protection is considerably less than 10 percent.

Mercury

As a result of lower prices, mercury production in the United States dropped 20 percent in 1959. During 1960 exploration and development was almost entirely halted and most mines had to increase their grade to cover operating costs. This means that the U. S. reserves were being high-graded to a regrettable extent during the year and domestic reserves declined much more than the actual production.

It seems probable that much of the lower grade ore left behind may prove unrecoverable in the future. Domestic production is able to supply roughly half of the country's normal commercial requirements, the balance comes from Mexico, Italy, and Spain. Tariff protection is less than 10 percent, and some mercurial chemicals are now being imported into the U. S. at prices not much, if any, greater than the value of the contained mercury.

STATE OF THE IRON ORE INDUSTRY

(Continued from page 73)

know that Canada has been running an adverse trade deficit with the United States, which of recent years has approximated one billion dollars per annum, for us a substantial sum. Any movement to restrict Canadian exports to the United States makes it that much more difficult for us to earn the U. S. dollars needed to reduce this stubborn annual trade deficit. There have been times in our history when the situation has grown so acute that we have had to ration imports of American manufactured goods into Canada in order to keep our affairs in reasonable balance. We sincerely hope that such a predicament does not rise again in the future . . . you are far and away our best customer, and we cannot view with anything but concern any attempt to curtail the flow of trade between us." Restricting any import will eventually restrict our opportunities to sell the products of many of our industries. We need to expand, not retard our exports.

Future of Country at Stake

Looking back over at least a hundred years of history, we can observe with satisfaction that the iron ore in-

Tungsten

Two primary producers of tungsten, as well as one by-product producer, are in operation, and two additional mines have announced re-opening. Since the Bureau of Mines has discontinued production statistics on tungsten, and since the producing picture is subject to change without much notice, accurate estimates are difficult to make. It is, however, rather certain that United States production is in excess of one-fourth of our consumption requirements but not as much as one-half of our requirements. While the world price of tungsten has improved materially in the last year or so from its extreme low point, domestic costs have continued to rise so that present prices cannot bring forth much more tungsten production than that now in operation or considering operation. The balance of United States' tungsten requirements comes from Australia, Korea, Brazil, Red China, Bolivia, and Africa. Tungsten is the only strategic metal which has an import duty in excess of 10 percent ad valorem.

dustry has always met the demands placed on it as America has advanced to its position as the greatest power and the acknowledged leader of the Free World. There have been periods of critical demand that have been met by a people from whose vocabulary the word "impossible" may as well be deleted. Iron miners the country over are in this class, because they have been there with the goods whenever called upon.

As we usher in the '60s, facing our future international responsibilities and the constant challenge of the expanding communist bloc, our iron mining industry stands ready to continue its important contributions to progress and to continue to make the investments required, whether here or abroad, to keep America great.

But if America is to continue great in the basic strength of its steel industry, and is to maintain its competitive world position, the cooperation not only of investors, operators, and employes is required; but perhaps most of all, there is a need for statesmen-politicians who will see to it that our laws are not punitive or confiscatory. At all levels of government—local, state and national—those who legislate and those who administer the laws must create and nurture a climate attractive to capital investment, if we are to improve our standard of living, preserve democracy, and "Watch America Grow."

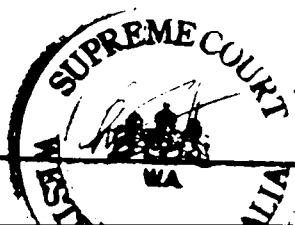


EXHIBIT "39" - Affidavit of Neville Oliver Boughton (excluding paragraphs 6,7 & 8, the last sentence of paragraph 9 and paragraphs 12 to 15 inclusive) dated 20.10.83

AFFIDAVIT

I, NEVILLE OLIVER BOUGHTON of 6 Sweeting Street, Woodlands in the State of Western Australia, Engineer, make oath and say :

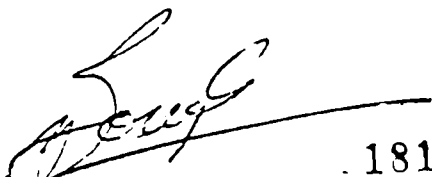
1.(a) I hold the degrees of Bachelor of Engineering (Civil) (1950) and Master of Engineering (1970) both from the University of Sydney. I am a Fellow of the Institution of Engineers Australia and an Associate Member of the Australasian Institute of Mining and Metallurgy.

(b) Since 1981 I have been Projects Manager for the first four Defendants ("Hancock and Wright"). During the preceding ten years I had been directly involved with iron ore mining projects in Western Australia as Chief Engineer for Texasgulf Australia Pty. Ltd., Chief Civil Engineer in the Perth office of Fluor Australia Ltd. and a partner in Rendel and Partners, Consulting Engineers. Prior to that I held senior engineering positions with the Hydro-Electric Commission of Tasmania and the Snowy Mountains Hydro-Electric Authority where my responsibilities included the preparation of technical clauses and drawings for contract and construction documents.

(c) I am authorised to swear this affidavit on behalf of the Defendants other than the sixth Defendant.

2. I have read copies of the affidavits of Colin Roy Langridge sworn 2nd September, 1982 and 24th May, 1983, the affidavit of Niles Earl Grosvenor sworn 27th October, 1982, the affidavits

EXHIBIT "39" - Affidavit of Neville Oliver Boughton (excluding paragraphs 6,7 & 8, the last sentence of paragraph 9 and paragraphs 12 to 15 inclusive) dated 20.10.83



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14th Oct 83

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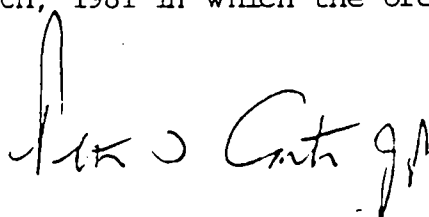
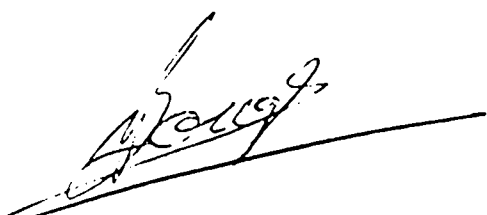
of Peter Forbes Booth sworn 27th October, 1982 and 30th June, 1983, the affidavit of Christian Frederick Beukema sworn 22nd June, 1983, the affidavit of Alban Jude Lynch sworn 22nd May, 1983, the affidavit of Arthur Noel Pritchard sworn 24th May, 1983, the affidavit of Desmond Evered Wright sworn 30th May, 1983, the affidavit of Douglas Frederick Tomsitt sworn 24th May, 1983, the affidavit of Robin John Batterham sworn 25th May, 1983, the affidavit of Earl Conrad Herkenhoff sworn 29th August, 1983, the affidavit of Robert George Horseman sworn 29th August, 1983, the affidavit of Geoffrey Samuel Baker sworn 17th October, 1983 and copies of the exhibits to such affidavits.

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3. I inspected the concentrator plant operated by the Plaintiff ("Hamersley Iron") at Tom Price on 16th August, 1982, on 19th July, 1983 and on 17th October, 1983. The concentrator plant was not operating on the first visit, but was operating on the latter two visits.

4. During all my visits I observed that the conveyer belt which takes the ore from the secondary crushers was in its retracted position so that ore from this belt was recombined with the -80mm undersize which fell through the scalping screens ahead of the secondary crusher. (The ore crushed by the secondary crushers is that between 200mm and 80mm). This is the mode of operation described by Mr. Langridge in paragraphs 8 and 9 of his affidavit sworn 2nd September, 1982. In paragraph 15 of that affidavit he describes an alternative mode of operation which was in use until 1st March, 1981 in which the ore between

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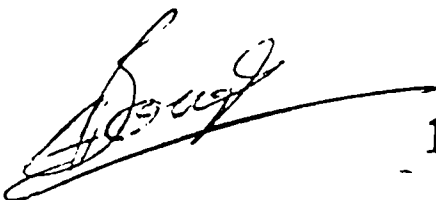
EXHIBIT "39" - Affidavit of Neville Oliver Boughton (excluding paragraphs 6,7 & 8, the last sentence of paragraph 9 and paragraphs 12 to 15 inclusive) dated 20.10.83

200mm and 80mm was, after secondary crushing, sent direct to the further separate crushing and screening process referred to in paragraph 13 of his affidavit and thence to the ore stockpile. Ore so directed would not have passed through any of the heavy medium drums, the heavy medium cyclones or the WHIMS machines.

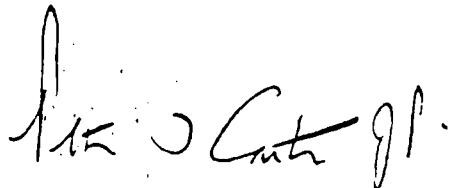
5. Now produced and shown to me marked "NOB1" is a copy of an article by Colin R. Langridge entitled "Iron Ore Concentration Plant of Hamersley Iron Pty. Limited, Mount Tom Price, W.A.". The article is part of chapter 4 of a volume entitled "Mining and Metallurgical Practices in Australasia - The Sir Maurice Mawby Memorial Volume" published by the Australasian Institute of Mining and Metallurgy in 1980. Also produced and shown to me marked "NOB2" is a copy of the introduction to Chapter 4 of the same volume by Mr. R.T. (now Sir Russell) Madigan, (then Chairman of Directors of the Plaintiff), entitled "Developments in Iron Ore Mining and Treatment in Australia 1960-1978".

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EXHIBIT "39" - Affidavit of Neville Oliver Boughton (excluding paragraphs 6,7 & 8, the last sentence of paragraph 9 and paragraphs 12 to 15 inclusive) dated 20.10.83



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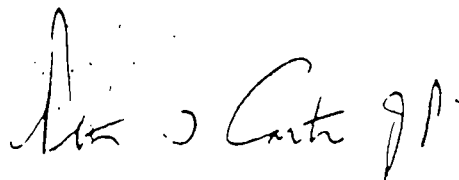
During the visit on 19th July 1983 I observed that the coarse heavy medium drum was not operating, while the remainder of the plant was. The material which would normally feed this drum is the -80mm + 30mm material which passes over the top deck of the wet screens. Mr. A. Curtis (who was the Hamersley Iron officer who conducted myself and other representatives of Hancock and Wright around the concentrator plant on this occasion) told me that when the coarse drum had been closed down for maintenance, the feed material had after first passing over the top deck of the wet screens, had been used to fill the surge bin between the wet screens and the coarse drum. He said that after the surge bin had been filled, material was then diverted back to the tertiary crusher and screens. This latter mode of operation is referred to by Mr. Langridge in paragraph 14 of his affidavit sworn 2nd September, 1982. This was also the mode of operation when I visited the plant on 17th October 1983. On both occasions the material between 80mm and 30mm was being crushed and screened and delivered to product stockpiles for subsequent sale without being beneficiated in the heavy medium drums, heavy medium cyclones or WHIMS machines, even though it had passed over the top deck of the wet screens.

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EXHIBIT "39" - Affidavit of Neville Oliver Boughton (excluding paragraphs 6,7 & 8, the last sentence of paragraph 9 and paragraphs 12 to 15 inclusive) dated 20.10.83

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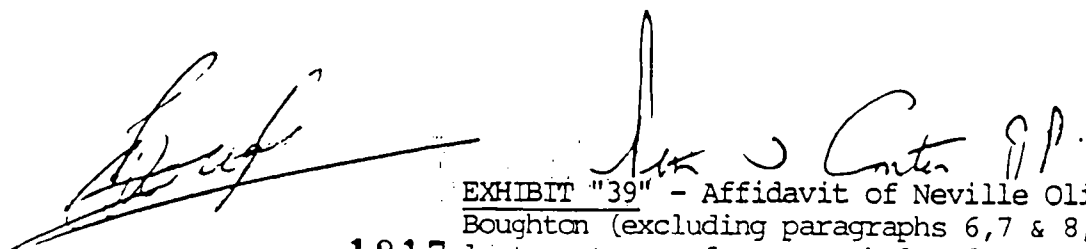
10. Sir Russell Madigan states in his article Exhibit "NOB2", that in the Tom Price plant (and the Mt. Newman plant) the purpose of beneficiation is to produce high grade product from a larger tonnage of low grade ore, i.e. to increase the grade or Fe content of the iron ore. The grade of any iron ore can be increased in two ways : either by removing from the ore some material of lower Fe grade than the average Fe grade of the ore, or by adding to the ore some material of higher Fe grade than the average. In the Tom Price concentrator plant as described by Mr. Langridge in his affidavit sworn 2nd September 1982 and as observed by me on my three visits to the plant, material of lower than average grade is removed from the ore and discarded at only five locations :

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- (a) at the discharge from the heavy medium drum fed by material between 80mm and 30mm,
- (b) at the discharge from the two heavy medium drums fed by material between 30mm and 6mm,
- (c) at the discharge from the heavy medium cyclones, fed by material between 6mm and 0.5mm,
- (d) at the discharge from the hydrocyclones which remove the ultra fine fraction (slimes) from the -0.5mm material,
- (e) at the discharge from the WHIMS machines fed by de-slimes -0.5mm material.

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Nowhere in the plant is the Fe grade of any stream of material increased by the addition of higher Fe material originating outside the iron ore feed to the plant.

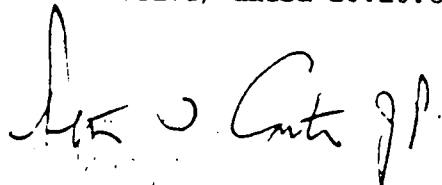
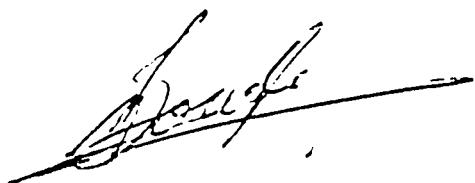


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EXHIBIT "39" - Affidavit of Neville Oliver Boughton (excluding paragraphs 6,7 & 8, the last sentence of paragraph 9 and paragraphs 12 to 15 inclusive) dated 20.10.83

11. I refer to the wet feeder chute (described by Mr. Langridge as the "pulping box") immediately ahead of the wet screens and to my own observations of this section of the plant, during my three site visits. All of the iron ore material fed from the bins ahead of the wet feeder chute emerges as feed to the screens. No material is removed from the chute to waste and no material containing iron ore is added. The only addition to the ore in the chute is water. On this basis the action of the chute does not beneficiate the ore in the sense of upgrading it.

EXHIBIT "39" - Affidavit of Neville Oliver Boughton (excluding paragraphs 6,7 & 8, the last sentence of paragraph 9 and paragraphs 12 to 15 inclusive) dated 20.10.83



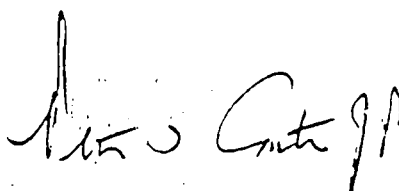
16. Exhibit "CRL6" to Mr. Langridge's affidavit sworn 2nd September 1982 records a statement of Hamersley Iron's contention that beneficiation commences at the point at "the wetting stage in the wetting and screening house". This location is referred to by Mr. Langridge as the "pulping box" in paragraph 9 of his affidavit sworn 2nd September 1982. On 30th August 1983 Hamersley Iron's solicitors advised Hancock and Wright by letter that they reserved the right to argue that beneficiation commences at an even earlier stage than the pulping box. Now produced and shown to me marked "NOB9" is a copy of that letter. Also produced and shown to me marked respectively

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EXHIBIT "39" - Affidavit of Neville Oliver Boughton (excluding paragraphs 6,7 & 8, the last sentence of paragraph 9 and paragraphs 12 to 15 inclusive) dated 20.10.83

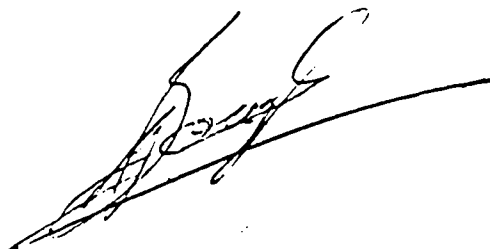


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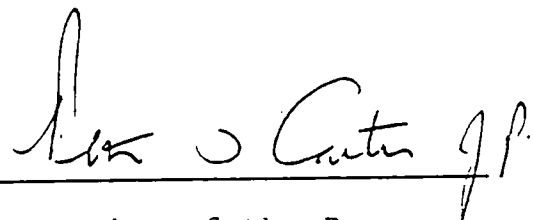


"NOB10", "NOB11" and "NOB12" are a response dated 16th September 1983 by Hancock and Wright's solicitors to the 30th August 1983 letter, a reply dated 23rd September 1983 from Hamersley Iron's solicitors and a further response dated 6th October from Hancock and Wright's solicitors. It appears unclear as to where Hamersley Iron now contends that beneficiation commences.

SWORN by the said)
NEVILLE OLIVER BOUGHTON)
at Perth the 20th day)
of October 1983)



Before me :


A Justice of the Peace
Peter J. Carter

Filed on behalf of the first to fifth Defendants



EXHIBIT "39" - Affidavit of Neville Oliver Boughton (excluding paragraphs 6,7 & 8, the last sentence of paragraph 9 and paragraphs 12 to 15 inclusive) dated 20.10.83

FEED PREPARATION

Low grade ore (assaying about 50 per cent Fe) was railed to Whyalla from the two mining areas, located some 50 km to the west of Whyalla, and delivered into five feed bins to allow blending of the feed types. Ore was withdrawn from the feed bins at controlled rates using apron feeders and conveyed to a vibrating screen, operated in closed circuit with a gyratory crusher. The circuit reduced the plant feed to minus 20 mm before delivery to a surge bin.

Minus 20 mm material was fed via two belt feeders to two sizers for removal of the minus 1.5 mm fines. Plus 1.5 mm material was dry ground to minus 1.5 mm in a grate discharge ball mill operated in closed circuit with a vibrating screen. Minus 1.5 mm ground ore was combined with the minus 1.5 mm screened fines and conveyed to two storage bins.

MAGNETIC REDUCTION

Minus 1.5 mm material was withdrawn from the storage bins at controlled rates by screw feeders and conveyed to small surge bins on top of the two reactors. Screw feeders were used for final control of the feed rate to the reactors.

The top stage of each fluid bed reactor, which was operated at 275°C, was used to dry and preheat the ore. In the middle stage, ignition loss products were removed by heating the ore to 800°C and residual carbon monoxide (from the bottom compartment) was combusted with additional air injected into the

bed. The bottom stage, which was operated at 725°C, was used for reduction of hematite to magnetite. Fuel oil was injected into the bottom stage, with fluidising air amounting to 30 per cent of the stoichiometric requirement, to provide necessary heat and reductants.

Two products were discharged from each reactor: a coarse "bed product", essentially plus 0.1 mm in size, and a fine "cyclone product", minus 0.1 mm in size. The two products were quenched in sea water to prevent oxidation of the magnetite back to hematite.

WET CONCENTRATION

Quenched bed product was pumped to a rake classifier and the classifier sands were raked into a bin ahead of an overflow discharge, wet ball mill. These sands were ground in closed circuit with hydro-cyclones to the required size for concentration.

Quenched cyclone product, classifier overflow, and wet ground material were combined and pumped to a concentration circuit consisting of hydro-cyclones, magnetic separators, and hydroseparators.

The final concentrate, containing 66 per cent Fe as artificial magnetite, was given a fresh water wash and then filtered. Filter cake was conveyed to a surge bin from which it was removed at controlled rates and conveyed to the pelletising plant for addition to the ground, wetted, high grade ore fines for pelletising.

Design capacity of the magnetite plant was 1.27 Mt/yr of dry concentrate from 2.0 Mt/yr of low grade ore feed.

Iron ore concentration plant of Hamersley Iron Pty. Limited, Mount Tom Price, W.A.

Colin R. Langridge¹

INTRODUCTION

During 1979 the total capacity of Hamersley's operations was increased to 46 million t/yr of shipped products. This expansion was achieved through the installation of a concentrating plant in which saleable products are recovered from the low grade ore mined at Mount Tom Price.

PLANT FEED

Low grade ore fed to the concentrating plant is a mixture of hematite and shale. The hematite and shale components of the ore are well liberated, even in the coarsest size ranges treated in the plant. Testwork indicated that sizing, heavy medium

¹ General Superintendent - Ore Treatment, Hamersley Iron Pty. Limited, Tom Price, W.A., 6751.

separation, and wet high intensity magnetic separation would provide the most efficient methods of concentrating this ore.

The plant has the capacity to process 13 million t/yr of this low grade ore to produce approximately 10.8 million t/yr of saleable products. A basic flowsheet is shown in Fig. 1 and a general view of the plant in Fig. 2.

FEED PREPARATION

Low grade ore is delivered by haul trucks to two vibrating, five-step grizzly screens located at the No. 2 primary crusher tiphead.

The grizzly oversize (+ 200 mm) does not require concentration. It is crushed in No. 2 primary crusher and is then reduced to lump and fines products in existing crushing and screening plants as described

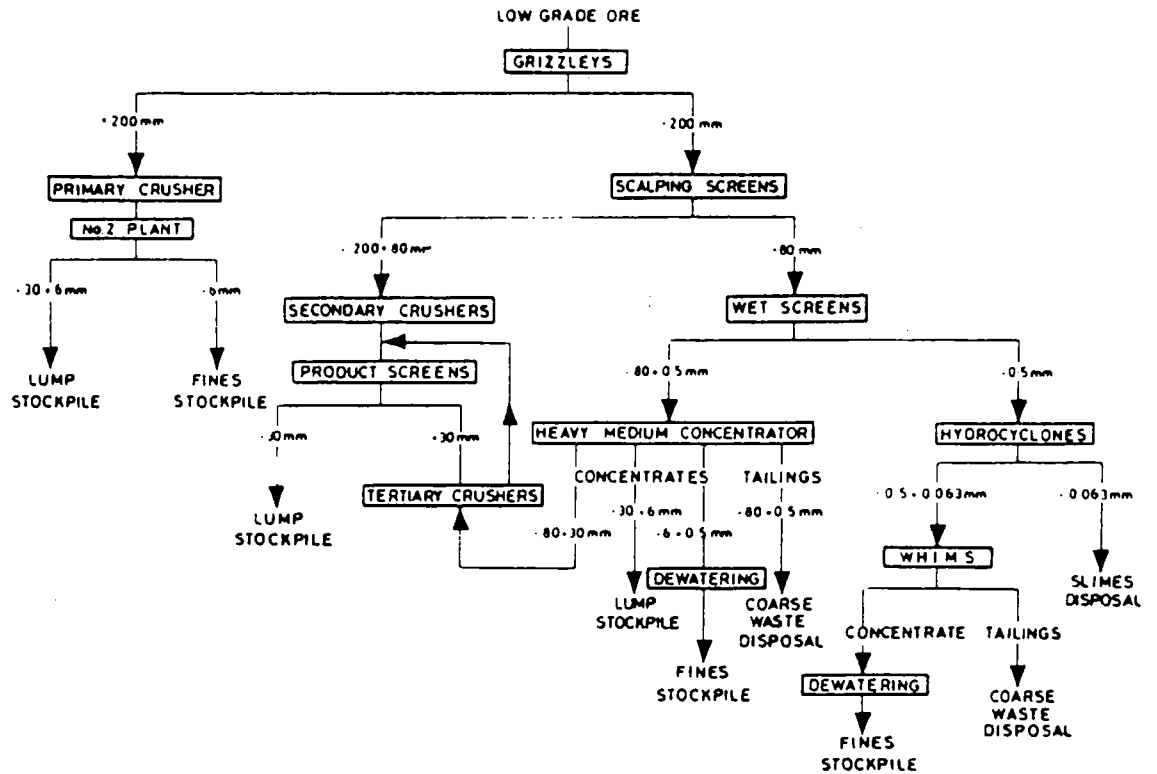


Fig. 1—Flowsheet for low grade ore treatment of Hamersley Iron Pty. Limited.



Fig. 2—General view of low grade ore treatment plant of Hamersley Iron Pty. Limited.

EXHIBIT "39NOB1" - Copy article entitled "Iron ore Concentration Plant of Hamersley Iron Pty Ltd, Mt Tom Price W.A." by Colin R. Langridge.

earlier. Undersize material (-200 mm) is conveyed to a new primary stockpile. Beneath this stockpile twin reclaim conveyors, each fed by three vibrating feeders, convey the ore to scalping screens and secondary crushers.

The scalping screens size the material at 80 mm. The oversize ($+80$ mm) does not require concentration and is crushed in the secondary crushers. Secondary crusher product joins tertiary crusher product and is conveyed to product screens. The screen oversize ($+30$ mm) is crushed in tertiary crushers in closed circuit and the screen undersize (-30 mm) is conveyed to a new lump stockpile.

The scalping screen undersize (-80 mm) is conveyed to the wet screening and washing plant. Screening at 30 mm, 6 mm, and 0.5 mm produces four sized fractions for subsequent treatment.

$-80 + 30$ mm FRACTION

The $+30$ mm material is treated in one 4.3 m by 3.7 m Wemco heavy medium drum of 600 t/h capacity. Sink product, after being drained and rinsed for medium recovery, is conveyed to the tertiary crushing and product screening circuits.

$-30 + 6$ mm FRACTION

The -30 mm $+6$ mm material is treated in two heavy medium drums, each of 330 t/h capacity. Each

module is identical with the one treating the -80 mm $+30$ mm material. The sink product after draining and rinsing is conveyed directly to the new lump stockpile.

-6 mm $+0.5$ mm FRACTION

The -6 mm $+0.5$ mm material is concentrated in a heavy medium cyclone plant. The plant contains three modules each designed to treat up to 200 t/h of ore. Sink product, after draining and rinsing, is conveyed to dewatering bunkers and thence to fines stockpiles.

-0.5 mm FRACTION

Wet high intensity magnetic separation (WHIMS) is employed in the treatment of the -0.5 mm material. This material is first hydrocycloned to remove the ultrafines fraction (approximately -0.063 mm), which is then thickened and pumped to a tailings dam. The hydrocyclone underflow is upgraded using two Jones DP 317 magnetic separators. The WHIMS concentrate is dewatered by cyclones and dewatering screens. An oil-fired rotary dryer has been installed and has the capacity to reduce the moisture content of all wet fines concentrate (including the heavy medium cyclone product) to a level which permits efficient materials handling.

Iron ore beneficiation plant of Mt. Newman Mining Co. Pty. Ltd., Mt. Whaleback, W.A.

G. W. Lloyd¹

INTRODUCTION

The Mt. Whaleback deposit, which is located in the Pilbara region of Western Australia, is the primary mining area of Mt. Newman Mining Co. Pty. Ltd. To maintain grade targets for shipped products, large tonnages of medium and low grade ores which are a mixture of high grade hematite and shale are produced but cannot be utilized as part of the overall blend. This mixture, which occurs during mining of the contact between high grade ore and adjacent shale is referred to as contact ore and provides the feed to the beneficiation plant. Processing of this material will increase the reserves of Mt. Whaleback by about 145 Mt of high grade ore.

ORE TREATMENT

Contact ore has excellent liberation between hematite and shale over a wide size range and is

¹ Development Metallurgist, Mt. Newman Mining Co. Pty. Ltd., Newman, W.A. 6753.

therefore readily amenable to heavy medium separation and gravity concentration techniques (Fig. 1). The plant (Fig. 2) has the flexibility of treating run-of-mine ore with a head grade as low as 46 per cent Fe or as high as 63 per cent Fe. The plant treats 6.8 Mt/yr of 55.0 per cent Fe feed to produce 5.2 Mt/yr of 63.5 per cent Fe high grade product.

CRUSHING AND SCREENING

Run-of-mine ore is fed to an Allis Chalmers 60/89 Superior gyratory primary crusher from which the ore is conveyed to a scalping screen ahead of a 17/84 Allis Chalmers Hydrocone secondary crusher. Secondary crushed ore is conveyed to a three-screen dry screening plant to produce $-100 + 6$ mm ore which is conveyed to two 500 t drum plant surge bins, and -6 mm ore which is conveyed to the 1000 t wet screening plant surge bins. Three wet screening streams produce $-6 + 1$ mm ore which is conveyed to the 200 t

EXHIBIT "39NOB1" - Copy article entitled "Iron ore Concentration Plant of Hamersley Iron Pty Ltd, Mt Tom Price W.A." by Colin R. Langridge.

Developments in iron ore mining and treatment in Australia, 1960-1978

R. T. Madigan¹, OBE

INTRODUCTION

The growth in the Australian iron ore industry since the mid-1960s was truly remarkable. In 1960, Australian iron ore production totalled 4.3 million t, all of which was domestically consumed. By 1966, production had increased to 11.6 million t and in the following 9 years, production increased ninefold to 98 million t. Exports increased from 2 million t in 1966, to 80 million t to 1975, valued at \$750 million.

In 1966, Australia produced less than 2 per cent of the world's iron ore, being the thirteenth largest producer. By 1976, Australia ranked No. 2 after USSR, producing almost 11 per cent of the total production. Table I lists some significant events in this period.

FACTORS INVOLVED IN INCREASED PRODUCTION

To understand how this sudden boom arose, it is necessary to consider the important contributing factors.

1. The lifting of the Commonwealth export embargo in 1960.
2. The rapid growth of the Japanese steel industry.
3. The development of long term contracts to underwrite project financing.
4. The rapid development of large bulk ore shipping.
5. The courage and foresight of a number of entrepreneurial individuals and companies.

Lifting of export embargo

In 1888-1898 the Western Australian colony's geologist, Harry Woodward, explored the north west of Western Australia and remarked "This is essentially an iron country. There is enough to supply the whole world." But his words went unheeded.

In 1915, The Broken Hill Proprietary Co. Ltd. began steel production in Newcastle. This development followed from the company's possession of significant iron ore deposits at Iron Knob, South Australia, acquired as a source of ironstone flux used in lead smelting.

¹ Deputy Chairman, Conzinc Riotinto of Australia Ltd, GPO Box 384D, Melbourne, Vic., 3001.

During the late 1920s and 1930s, it seemed that Australia would become established in the iron ore export trade. However, in 1938, the Commonwealth Government placed an embargo on exports as total assessed reserves in the entire nation were only 259 million t, barely adequate for Australia's own needs.

During the 1950s, evidence began to mount that Australian iron ore reserves had been grossly underestimated. A combination of revised reserves, discoveries at Scott River south of Perth and in the Pilbara, Japan's appetite for iron ore, and Australia's chronic shortage of overseas funds, led in 1960 to a relaxation of the embargo.

This move stimulated exploration. Most of the major discoveries were made in Western Australia, but projects were developed at Savage River in Tasmania and two small prospects in the Northern Territory.

Growth of Japanese steel industry

The large and growing demand for iron ore generated by the Japanese steel industry during the 1960s, was an essential element in the development of the Pilbara. In 1960, Japanese iron ore demand amounted to 18 million t. By 1966, the year of first exports from new Australian developments, this demand had increased 167 per cent to 48 million t.

The demand peaked in 1974 at 142 million t. Since then, the world recession reduced demand to the current level of 116 million t. In 1974, Australian exports to Japan totalled 66 million t or 48 per cent of total Japanese requirements.

Project financing

A method of project financing, new to Australian industry, was essential to the development of much of our iron ore potential. For example, the development of the Hamersley operations, which involved an initial outlay of about \$200 million in 1964/1965 terms was beyond the conventional financial resources of companies mining in Australia at that time. In 1978, only 13 years later, it is hard to believe that in 1965 no Australian company had ever tried to borrow such a large sum.

In March, 1965, Hamersley agreed with the Japanese Steel Mills to sell 65.5 million tons of ore, worth some \$270 million. On the basis of this long term contract, Hamersley was successful in convincing a consortium of North American bankers of the

TABLE 1
*Chronological table of significant events in
 Australian iron ore development, 1960 to 1978*

1965	Production begins at Koolan Island (2 Mt/yr)
1966	Production begins at Mt. Goldsworthy (1.3 Mt/yr) Koolanooka (0.5 Mt/yr) Hamersley (Mt. Tom Price) (5 Mt/yr)
1967	Production begins at Koolyanobbing (2 Mt/yr) Frances Creek (0.3 Mt/yr)
1968	Production begins at Mt. Bunday (0.2 Mt/yr) Pellet production begins at Savage River (2.5 Mt/yr) Whyalla (1.5 Mt/yr) Hamersley (2 Mt/yr) First shipment of ore from Koolyanobbing to Kwinana
1969	Production begins at Mt. Newman (6 Mt/yr) Capacity increased by Hamersley to 17.5 Mt/yr
1970	Capacity increased by Mt. Goldsworthy to 6 Mt/yr Mt. Newman to 12 Mt/yr Hamersley pellets to 2.5 Mt/yr
1971	Capacity increased by Frances Creek to 0.9 Mt/yr Hamersley to 22.5 Mt/yr Production recommences at Iron Baron
1972	Capacity increased by Mt. Newman to 25 Mt/yr Production begins at Robe River (pellets 4.2 Mt/yr; fine ore 6.1 Mt/yr) Production ceases at Mt. Bunday
1973	Production begins at Hamersley (Paraburdoo) (10 Mt/yr) Mt. Goldsworthy (Shay Gap and Sunrise Hill) Capacity increased by Hamersley to 32.5 Mt/yr Mt. Newman to 30 Mt/yr Mt. Goldsworthy to 8 Mt/yr Robe River to 6.2 Mt/yr
1974	Production ceases at Koolanooka and Talallering Peak Frances Creek Capacity increased by Hamersley to 40 Mt/yr Mt. Newman to 35 Mt/yr
1975	Capacity increased by Robe River to 5 Mt/yr (pellets) and 9.4 Mt/yr (fine ore)
1976	Concentrator project begins at Hamersley to increase capacity in 1979 to 46 Mt/yr Whyalla magnetic processing plant commissioned 1.3 Mt/yr
1977	Capacity increased by Robe River to 20 Mt/yr (total)
1978	Mt. Newman concentrator project begins to increase capacity in 1979 to 40 Mt/yr

viability of the project. There was no recourse to the shareholders of Hamersley, whose financial involvement was restricted to their equity subscription.

This pattern of financing, based on long term contracts, was subsequently used as a basis for much mining project development in Australia.

Development of large bulk cargo carriers

To appreciate the impact of shipping on iron ore developments in the Pilbara, it is worth noting that Hamersley's initial port design at Dampier for 65 000 dwt ore carriers, considered advanced in 1965, was hopelessly inadequate only 10 years later.

During the 1960s, Japan leadership in marine technology led to mass production of much larger vessels and to considerable economies in ocean transportation costs. In 1967, the average sized vessel employed from Australia's deep water ports to Japan, was 55 000 dwt. By 1977, the average vessel size had doubled to 108 000 dwt. In 1978, the ports of Dampier, Port Hedland, and Cape Lambert had the capacity to handle 170 000 dwt ore carriers.

For the same voyage, the freight rate per ton for the 150 000 dwt ships is one-half to one-third of that for 50 000 dwt ships, and the freight component of iron ore c.i.f. is of the same order as the f.o.b. value.

The development of large ports and ships enabled the Pilbara iron ore producers to diversify sales into Europe and other markets, which would not otherwise have been possible. In fact, when Hamersley first proposed to enter the European market, the idea was not considered practical by the trade.

Entrepreneurial spirit

The fifth key ingredient in the iron ore developments relates to a number of enterprising individuals who acted as the catalysts. These individuals include prospectors, pastoralists, engineers, senior executives of major overseas companies, and politicians. In respect to the Pilbara, names which come readily to mind are Stan Hilditch and C. H. Warman, Lang Hancock, Dr. B. Campana, Sir Val Duncan, Sir Maurice Mawby, Bill Burns, Ian Whit-cher, Tom Price, and, naturally enough, Sir Charles Court. But these are samples of scores of far sighted and dedicated people whose contribution was essential.

The importance of foreign enterprise in the development of the Pilbara is also noteworthy. Amax was a prime mover in the Mt. Newman development, Rio Tinto and Kaiser in Hamersley, Consolidated Goldfields in Mt. Goldsworthy, and Cleveland Cliffs in Robe River.

DEVELOPMENTS IN IRON ORE TREATMENT

Iron ore treatment in Australia can be classified under

1. crushing and screening,
2. pelletising,
3. concentration, and
4. direct reduction.

Crushing and screening

Most ores require some sort of crushing and screening in preparation for further beneficiation, but in the case of iron ore the process is often an end in itself, necessary to prepare the final products to meet strict physical and chemical specifications. This involves a high degree of technology and control to avoid penalties on undersize and oversize fractions, while maximising the lump:fines ratio.

Crushing and screening also provides an opportunity of grade control for bedded hematite deposits where the softer shales report differentially in the fines fraction; and to separate high grade natural lump ore from detrital scree deposits.

All Australian iron ore projects have therefore made major investments, and developed high technology, in these processes.

Pelletising

During the late 1960s and early 1970s, pellet plants were established by BHP at Whyalla, Hamersley at Dampier, Savage River Mines at Port Latta, and Cliffs Robe River Iron Associates at Cape Lambert. Total installed capacity is currently estimated at 12 Mt/yr of pellets.

The fine ore feed for these plants, with the exception of the Savage River magnetite, would be suitable for alternative agglomeration by sintering. Oil price increases from 1973 had a major impact on pelletis-

ing costs, and the effect was to make pellets relatively uncompetitive with sinter for blast furnace feed. Any expansion of acid pellet capacity must therefore be in doubt, to say the least.

Concentration

Apart from the crushing and screening examples mentioned above, there are several instances of mineral dressing techniques being applied to the concentration of iron ores in Australia. These include gravity treatment of scree ore and magnetizing roasting followed by magnetic separation by BHP at Whyalla and magnetic separation at Savage River. The latter plant has been operating since 1968 and provides feed to a 2.2 Mt/yr pellet plant.

Two other concentrators are currently being installed in the Pilbara to beneficiate low grade ore produced as a by-product from the Hamersley and Mt. Newman operations. This practice will maximise the exploitation of the resources and extend the life of the deposits. The Hamersley and Mt. Newman plants will produce 11 Mt/yr and 5 Mt/yr of high grade product from 13 Mt/yr and 7 Mt/yr of low grade ore respectively, using combinations of heavy medium drums and cyclones, wet high intensity magnetic separators, and Reichert cones.

Direct reduction

The quest for an economic direct reduction process for Australia has been going on for a long time, and was intensified as processing obligations to the Western Australian Government became closer. A few such plants are now operating successfully elsewhere in the world, but they depend on cheap natural gas as a reductant and relatively competitive economic conditions. The application of the technology in the Pilbara will depend on the availability of natural gas at competitive prices and the development of a stable industrial environment.

Iron ore mining practice of The Broken Hill Proprietary Co. Ltd. in South Australia

J. D. Carmichael¹

INTRODUCTION

Since 1900, iron ore has been mined in the Whyalla area and will continue to be an important source of domestic requirements. To date over 160 million tonnes of ore have been won from the Middleback

Range mainly for consumption by steelworks at Port Kembla, Newcastle, and Whyalla.

Currently the Iron Knob/Monarch deposits and the Iron Baron/Prince/Queen deposits are being mined. Each mine has its own production facilities.

IRON KNOB/MONARCH OPERATIONS

The Iron Knob/Monarch deposit is currently worked on a one shift, 5 day week schedule to pro-

¹ Technical Superintendent Minerals Production, The Broken Hill Proprietary Co. Ltd., P.O. Box 21, Whyalla, S.A., 5600.

EXHIBIT "39NOB2" - Copy article entitled "Developments in Iron Ore Mining and Treatment in Australia, 1960-1978" by R.T. Madigan

HAMERSLEY IRON PTY. LIMITED

(INCORPORATED IN VICTORIA)

31 SPRING STREET, MELBOURNE, 3001

P.O. BOX 2841AA

TELEPHONE 657 1111

TELEGRAMS "HAMIRON"

TELEX AA30352

June 14, 1979

Messrs Hancock & Wright
P.O. Box 50
CLAREMONT W.A. 6010

Dear Sirs,

Please be advised that payment has this day been made
as detailed hereunder:

<u>PAYEE (ACCOUNT TITLE)</u>	<u>BANK</u>	<u>PLACE</u>	<u>AMOUNT</u>
HANCOCK & WRIGHT	CBA	PERTH	\$ 636,706.80
L.S. PERRON - FAMILY ACCOUNT	BNSW	PERTH	\$ 59,812.68
			<u>\$ 696,519.48</u>

10

This payment represents the amount owing to the respective payees under an agreement dated 12 December, 1962 and assignments thereof.

The amounts have been calculated in accordance with the attached schedules.

Yours faithfully,
HAMERSLEY IRON PTY. LIMITED



for B.F. OSBORNE
General Accountant

20

Attachments: a/s EXHIBIT "39NOB3" - Copy letter Plaintiff to Hancock
& Wright and attached statements dated 14.6.79

18 JUN 1979

HAMERSLEY IRON PTY. LIMITED

TOTAL ASSUMED F.O.B. VALUE

A\$ 2 477 669.24

TOTAL ROYALTY PAYABLE

2½% OF ASSUMED F.O.B. VALUE

A\$ 61 941.73

A\$ 634 577.75

A\$ 696 519.48

ALLOCATION OF ROYALTY

Commercial Bank

A\$ 636 706.80

L.S. Perron

A\$ 59,812.68

A\$ 696 519.48

10

We hereby certify that the amount of royalty payable has been allocated between L.S. Perron and Hancock and Wright in accordance with the letter of July 31, 1976 from Hancock and Wright to this Company.

for dis

for B.F. OSBORNE
General Accountant

20



EXHIBIT "39NOB3" - Copy letter Plaintiff to Hancock & Wright and attached statements dated 14.6.79

PELLET ROYALTY - MAY, 1979

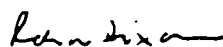
Fines Feed	207 517	WLT
Less: Fines Screened ex Pellet Shipments	Nil	
	<hr/>	
	207 517	WLT
Moisture 4.97 %	10 313.595	
	<hr/>	
	197 203.405	DLT
Fe Content 61.9 %		
Price per FE unit A\$0.202973 x 61.9	= A\$ 12.5640287	
Assumed F.O.B. Value = 197 203.405		
x A\$ 12.5640287	A\$ 2 477 669.24	10
Royalty	= A\$ 61 941.73	

RAILED FIGURES
MAY, 1979

Tom Price - Wet Kilotonnes	Paraburdoo - Wet Kilotonnes
1 394	1 072

We hereby confirm that the average Fe content in Fines used in production of Pellets during May was 61.9 %.

EXHIBIT "39NOB3" - Copy letter Plaintiff to Hancock & Wright and attached statements dated 14.6.79



for and on behalf of
HAMERSLEY IRON PTY. LIMITED

HAMERSLEY IRON PTY. LIMITED

PROVISIONAL ROYALTY PAYABLE IN RESPECT OF PROVISIONAL
INVOICES ISSUED IN MAY, 1979

A. F.O.B. SALES

Shipment No.	Vessel	Gross amount of Invoice	Provisional charges incurred after ore is placed on vessel	Net amount of Invoice	Provisional Royalty (2½% of Net amount of Invoice)
3861	Oceania Maru		"BENEFICIATED ORE"		Nil /
3864	Niizuru Maru	1 514 231		1 514 231	34 070.20 /
3865	Denglonghai	420 340	"BENEFICIATED ORE"	420 340	9 457.65 /
3866	Kakogawa Maru	960 616	"BENEFICIATED ORE"	956 203	21 514.57 /
3867	Amazon Maru	1 738 364	4 413	1 731 754	38 964.47 /
3868	Australian Purpose	1 489 725	6 610	1 483 430	33 377.18 /
3869	Weihai	407 881	6 295	407 221	9 162.47 /
3871	Fuei Maru	690 267	660	687 001	15 457.52 /
3872	Beihai	281 020	3 266	280 460	6 310.35 /
3873	Kohsho Maru	1 917 353	560	1 909 609	42 966.20 /
3874	Shokyo Maru	536 485	7 744	534 408	12 024.18 /
3876	Africa Maru	1 831 455	2 077	1 824 397	41 048.93 /
3878	Wakazuru Maru	1 865 762	7 058	1 858 052	41 806.17 /
3879	Jintienhai	621 216	7 710	620 556	13 962.51 /
3880	Kimizuru Maru	1 750 260	660	1 742 600	39 208.50 /
3881	Feicuihai	340 754	7 660	340 174	7 653.92 /
3882	Ibaraki Maru	1 344 580	580	1 343 920	30 238.20 /
3883	Nippon Maru No. 3	1 791 811	660	1 784 121	40 142.72 /
3884	Ontung	479 398	7 690	478 738	10 771.61 /
3885	Daeyang Amity	1 254 554	660	1 253 894	28 212.62 /
3886	Kishu Maru	688 691	660	685 724	15 428.79 /
3887	Amundsen Sea	505 393	2 967	504 733	11 356.49 /
3890	Hampton Maru	2 179 088	660	2 170 652	48 839.67 /
		24 609 244	8 436	24 532 218	551 974.92

EXHIBIT "39NOB3" - Copy letter Plaintiff to Hancock & Wright and attached statements dated 14.6.79

HAMERSLEY IRON PTY. LIMITED

PROVISIONAL ROYALTY PAYABLE IN RESPECT OF PROVISIONAL
INVOICES ISSUED IN MAY, 1979

B. C. & F. SALES

Shipment No.	Vessel	Gross Amount of Invoice	Provisional freight & other charges taken into account in determining C&F price	Net amount of Invoice	Provisional Royalty (2 1/2% of 90% of Net Amount of Invoice)
3862	Hercules Bulker	1 164 556	543 783	620 773	13 967.39 /
3870	Nawala	1 826 048	967 836	858 212	19 309.77 /
3877	San Moritz	1 225 880	714 005	511 875	11 517.19 /
3888	Docynia	1 777 539	827 623	949 916	21 373.11 /
3889	Trentwood	1 558 784	828 323	730 461	16 435.37 /
		7 552 807	3 881 570	3 671 237	82 602.33
	<u>GRAND TOTAL</u>	32 162 051	3 958 596	28 203 455	634 577.75

EXHIBIT "39NOB3" - Copy letter Plaintiff to Hancock & Wright and attached statements dated 14.6.79

HAMERSLEY IRON PTY. LIMITED

(INCORPORATED IN VICTORIA)

HAMERSLEY HOUSE, 191 ST. GEORGE'S TERRACE,
PERTH, WESTERN AUSTRALIA, 6000

TELEPHONE: 327 2327

BOX A42 G.P.O. PERTH 6001

TELEGRAMS: "HAMIRON PERTH"

TELEX No. AA92315

KW:JLD
5th May, 1981

Messrs. Hancock & Wright,
P.O. Box 50
CLAREMONT. W.A. 6010

Dear Sir,

RE: MINING ROYALTIES

As per our discussions in your office during April you are aware that a recent technical assessment of our Tom Price Concentrator revealed a defect in the plant's measurement systems which has caused an over-statement of the output of beneficiated ore from the plant during the period from May, 1979 to February, 1981. 10

As beneficiated ore is deducted from our total shipments of ore prior to the monthly royalty computation, the parties to the royalty have in effect been under-paid for the mentioned period.

We have prepared a series of schedules showing our re-calculation of the royalty for the affected shipments. The financial criteria and determinations therein are subject to routine external audit but no specific audit verifying statement is obtained or considered necessary.

We now enclose these schedules for your perusal; your share of the underpayment was lodged in your account with the Commercial Bank of Australia on 16th April, 1981. 20

We confirm that the total under-payment has been divided using the set formula agreed between the respective parties. Should you have any queries regarding the calculations on the schedules, please do not hesitate to contact the under-signed.

Yours faithfully,
for and on behalf of
HAMERSLEY IRON PTY. LIMITED.

K.D. Mutch

for K.D. MUTCH
Manager - Accounting. 30

Enc

HAMERSLEY IRON PTY. LIMITED

ALLOCATION OF AMENDED ROYALTY

FINAL SCHEDULE

ADJUSTMENT AMOUNT DUE

<u>Quarter Ended</u>	<u>Hancock & Wright</u>	<u>Perron</u>	<u>National Mutual</u>	<u>TOTAL</u>	
30.9.79	31 193.93	3 142.01		34 335.94	
31.12.79	73 380.10	2 422.54	5 027.54	80 830.18	
31.3.80	23 576.36		2 439.80	26 016.16	
30.6.80	98 850.90		10 198.98	109 049.88	
30.9.80	77 705.90		7 832.92	85 538.82	10
31.12.80	57 100.54		6 100.32	63 200.86	
 <u>MONTH</u>					
January, 1981	21 220.48		2 123.74	23 344.22	
February, 1981	6 235.30		682.78	6 918.08	
 TOTALS :	 389 263.51	 5 564.55	 34 406.08	 429 234.14	

EXHIBIT "39NOB4" - Copy letter plaintiff to Hancock & Wright and attached statements dated 5.5.81

HAMERSLEY IRON PTY. LIMITED

AMENDED CONCENTRATOR DEDUCTIONS (LUMP ORE ONLY)

MAY 1979 to FEBRUARY 1981

MONTH	WLT Production Shipped -Revised	WLT Production Shipped -Original	WLT Over- Deduction	Additional Royalty due
May, 1979	86 931	112 201	25 270	8 929.75
June, 1979	No shipments of ore due to industrial disputes			
July, 1979	'do'			
August, 1979	64 835	84 071	19 236	7 278.31
September, 1979	165 307	215 128	49 821	18 127.88
October, 1979	228 474	297 929	69 455	26 283.52
November, 1979	255 550	333 115	77 565	30 156.79
December, 1979	212 638	277 182	64 544	24 389.87
January, 1980	226 387	295 104	68 717	26 016.16
February, 1980	197 983	258 069	60 086	22 957.08
March, 1980	162 542	211 870	49 328	18 349.73
April, 1980	230 796	300 842	70 046	31 544.95
May, 1980	207 780	270 838	63 058	27 198.13
June, 1980	203 665	265 483	61 818	21 710.81
July, 1980	206 487	269 161	62 674	26 931.53
August, 1980	210 985	275 017	64 032	27 121.45
September, 1980	150 426	196 083	45 657	18 775.02
October, 1980	170 514	222 273	51 759	19 299.55
November, 1980	161 715	210 797	49 082	20 980.32
December, 1980	181 232	236 239	55 007	22 920.99
January, 1981	209 242	272 753	63 511	23 344.22
February, 1981	61 756	80 508	18 752	6 918.08
	<hr/>	<hr/>	<hr/>	<hr/>
	3 595 245	4 684 663	1 089 418	429 234.14
	<hr/>	<hr/>	<hr/>	<hr/>

EXHIBIT "39NOB4" - Copy letter plaintiff to Hancock & Wright and attached statements dated 5.5.81

-6 MAY 1981

HAMERSLEY IRON PTY. LIMITED

Shipment No.	Original tonnage subject to Royalty	Revised tonnage subject to Royalty	Original Nett Amount Received \$	Revised Nett Amount Received \$
May, 1979 3865 3861	30 408.091 <u>Nil</u> 30 408.091	42 887.091 <u>12 791.000</u> 55 678.091	413 958.20 <u>Nil</u>	583 840.10 <u>187 308.27</u>
		<u>25 270.000</u>		
June/July 1979	No shipments of ore due to industrial disputes			
Aug, 1979 3893	<u>96 066.326</u>	<u>115 302.326</u>	1 453 941.88	1 745 074.34
		<u>19 236.000</u>		
Sept 1979 3916	<u>8 863.462</u>	<u>58 684.462</u>	129 002.46	854 117.72
		<u>49 821.000</u>		
Oct, 1979 3960	<u>18 713.962</u>	<u>88 168.962</u>	283 273.44	1 334 614.51
		<u>69 455.000</u>		
Nov, 1979 3993 3992	76 292.458 <u>Nil</u> 76 292.458	145 543.458 <u>8 314.000</u> 153 857.458	1 188 279.44 * Nil	2 265 885.92 * 740 854.22
		<u>77 565.000</u>		10
Dec, 1979 4008	<u>18 542.593</u>	<u>83 086.593</u>	280 274.81	1 255 869.61
		<u>64 544.000</u>		
Jan 1980 4039 4038	84 502.279 <u>Nil</u> 84 502.279	130 536.279 <u>22 683.000</u> 153 219.279	1 274 962.42 Nil	1 969 519.07 346 089.57
		<u>68 717.000</u>		20
Feb 1980 4066 4065	42 216.619 <u>Nil</u> 42 216.619	68 155.619 <u>34 147.000</u> 102 302.619	* 647 802.69 Nil	* 1 045 132.70 520 953.37
		<u>60 086.000</u>		
Mar, 1980 4101	<u>701.569</u>	<u>50 029.569</u>	* 831 216.97	* 1 565 205.89
		<u>49 328.000</u>		
April, 1980 4132	<u>16 123.667</u>	<u>86 169.667</u>	290 449.28	1 552 247.25
		<u>70 046.000</u>		

EXHIBIT "39NOB4" - Copy letter plaintiff to Hancock & Wright and attached statements dated 5.5.81

HAMERSLEY IRON PTY. LIMITED

Shipment No.	Original tonnage subject to Royalty	Revised tonnage subject to Royalty	Original Nett Amount Received \$	Revised Nett Amount Received \$
May, 1980 4169	<u>43 153.071</u> 63 058.000	<u>106 211.071</u>	744 509.96	1 832 435.06
June, 1980 4205 4203 4200	127 598.793 Nil Nil <u>127 598.793</u> 61 818.000	147 329.793 40 244.000 1 843.000 <u>189 416.793</u>	2 126 953.26 Nil Nil	2 455 850.69 508 432.70 31 101.90
July, 1980 4237 4236	57 112.083 Nil <u>57 112.083</u> 62 674.000	111 978.083 7 808.000 <u>119 786.083</u>	985 384.33 Nil	1 932 015.83 130 629.52 10
Aug, 1980 4272 4266	25 972.328 Nil <u>25 972.328</u> 64.032.000	64 851.328 25 153.000 <u>90 004.328</u>	440 311.98 Nil	1 099 432.31 425 737.57
Sept, 1980 4300	<u>10 250.375</u> 45 657.000	<u>55 907.375</u>	168 605.90	919 606.68
Oct, 1980 4332 4331 4330	52 883.693 Nil Nil <u>52 883.693</u> 51 579.000	78 695.693 24 785.000 1 162.000 <u>104 642.693</u>	*1 501 717.64 Nil Nil	*1 944 392.58 314 774.33 14 532.94 20
Nov, 1980 4361	<u>71 900.770</u> 49 082.000	<u>120 982.770</u>	1 229 372.11	2 068 584.89
Dec, 1980 4387	<u>84 317.619</u> 55 007.000	<u>139 324.619</u>	1 405 380.04	2 322 219.70
Jan, 1981 4413	<u>8 117.000</u> 63 511.000	<u>71 628.000</u>	* 956 563.00	* 1 994 084.00
Feb, 1981 4431	<u>54 643.000</u> 18 752.000	<u>73 395.000</u>	* 2 038 597.00	*2 346 066.90

NOTE

Shipments 4413 and 4431 are based on provisional results only, pending final details becoming available.

*Includes Fines portion of shipment.

-6 MAY 1981

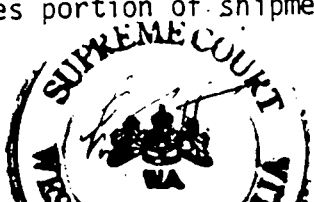


EXHIBIT "39NOB4" - Copy letter plaintiff to Hancock & Wright and attached statements dated 5.5.81

HAMERSLEY IRON PTY. LIMITED

Shipment No.	VESSEL	Revised Nett Amount	Revised Royalty 2½%	Royalty Paid	Adjustment now due
3865	DENGLONGHAI	583 840.10	14 596.00	10 348.96	4 247.04
3861	OCEANIA MARU	187 308.27	4 682.71	Nil	4 682.71
3893	AUST. PROSPECTOR	1 745 074.34	43 626.86	36 348.55	7 278.31
3916	NIIZURU MARU	854 117.72	21 352.94	3 225.06	18 127.88
3960	AUST. PROGRESS	1 334 614.51	33 365.36	7 081.84	26 283.52
3993	KOHJUSAN MARU	2 266 885.92	56 672.15	29 706.99	26 965.16
3992	DAEYANG AMITY	740 854.22	18 521.36	15 329.73	3 191.63
4008	NIPPON MARU NO. 3	1 255 869.61	31 396.74	7 006.87	24 389.87
4039	AMAGISAN MARU	1 969 519.07	49 237.98	31 874.06	17 363.92
4038	TETSUYO MARU	346 089.57	8 652.24	Nil	8 652.24 ¹
4036	ATLANTIC VENTURER	1 045 132.70	26 128.32	16 195.07	9 933.25
4065	GOLAR TOKO	520 953.37	13 023.83	Nil	13 023.83
4101	TRIPHAROS	1 565 205.89	39 130.15	20 780.42	18 349.73
4132	KOHWA MARU	1 552 247.25	38 806.18	7 261.23	31 544.95
4169	SHINYO MARU	1 832 435.06	45 810.88	18 612.75	27 198.13
4205	NIIZURU MARU	2 455 850.69	61 396.27	53 173.83	8 222.44
4203	DENGLONGHAI	508 432.70	12 710.82	Nil	12 710.82
4200	AUST. PIONEER	31 101.90	777.55	Nil	777.55 ²
4237	SHINYO MARU	1 932 015.83	48 300.40	24 634.61	23 665.79
4236	NIIZURU MARU	130 629.52	3 265.74	Nil	3 265.74
4272	ARCTIC CAREER	1 099 432.31	27 485.81	11 007.80	16 478.01
4266	AUST. PIONEER	425 737.57	10 643.44	Nil	10 643.44
()	TAHAROA VENTURER	919 606.68	22 990.17	4 215.15	18 775.02
() 32	KOHSHO MARU	1 944 392.58	48 609.81	37 542.94	11 066.87
4331	LIAOHAI	314 774.33	7 869.36	Nil	7 869.36
4330	LONGHAI	14 532.94	363.32	Nil	363.32
4361	CHIKUMASAN MARU	2 068 584.85	51 714.62	30 734.30	20 980.32 ³
4387	LARINA	2 322 219.73	58 055.49	35 134.50	22 920.99
4413	KOHSHO MARU	1 994 084.08	(90%) 44 866.89	(90%) 21 522.67	23 344.22
4431	HAMPTON MARU	2 346 066.93	(90%) 52 786.51	(90%) 45 868.43	6 918.08
		<u>36 307 610.24</u>	<u>896 839.90</u>	<u>467 605.76</u>	<u>429 234.14</u>

EXHIBIT "39NOB4" - Copy letter plaintiff to Hancock & Wright and attached statements dated 5.5.81



C.R.A. SERVICES LIMITED

(INCORPORATED IN VICTORIA)

HAMERSLEY HOUSE
191 ST. GEORGE'S TERRACE, PERTH,
WESTERN AUSTRALIA, 6000

BOX A42, G.P.O.

PERTH,

WESTERN AUSTRALIA 6001

TELEX No. AA92315

30th August, 1983

Messrs. Keall Brinsden & Co.,
Commonwealth Bank Building,
150 St. George's Terrace,
PERTH, W.A. 6000

Attention: Mr. N. Hasluck

Dear Sirs,

HAMERSLEY v HANCOCK & ORS.

I refer to earlier correspondence including the letters copies of which
are Exhibits "CRL 5" and "CRL 6" to Mr. Langridge's Affidavit sworn on
2nd September, 1982.

10

The Plaintiff reserves the right to argue, in the alternative, that
"beneficiation or other treatment begins" within the meaning of Clause
9(b) of the Agreement at an even earlier stage than the pulping box.

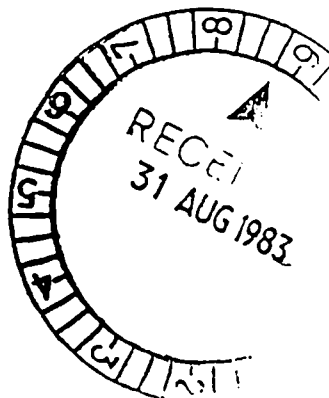
Would you please acknowledge receipt of this letter.

A copy will also be delivered to the solicitors for the Sixth Defendant.

Yours faithfully,

A handwritten signature in cursive script that reads 'Andrew Patterson'.

ANDREW PATTERSON,
CRA Legal Department, Perth



KEALL, BRINSDEN & CO.

BARRISTERS AND SOLICITORS

MAX MURRAY VINNICOMBE, LL B
ROBERT DENIS KEALL, LL B
NICHOLAS PAUL HASLUCK, LL B, BCL
BRIAN GEORGE DE LA POER BERESFORD, LL B
ROGER NORMAN HILL, LL B
PHILIP RONALD WILSON, LL B
WAYNE STEWART MARTIN, LL B, LL M

TELEPHONE (09) 321 8531
TELEX AA94871

COMMONWEALTH BANKS BUILDING
150 ST GEORGE'S TERRACE
PERTH
WESTERN AUSTRALIA 6000
BOX 1348 G.P.O. PERTH W.A. 6001

3:PMcC:28641

OUR REF

YOUR REF

CONSULTANT
GERALD KEALL LL B

16th September 1983

C.R.A. Services Ltd,
191 St George's Terrace,
PERTH WA 6000

Attention: Mr A. Patterson

Dear Sir,

Hancock & Ors v Hamersley Iron Pty Ltd

10

We refer to your letter of 30th August 1983, which has now been referred to Counsel.

The competing contentions of the parties have, until now, been contained in Mr Fieldhouse's letter of 5th August 1981 and your letter of 11th September of that same year.

These letters clearly reflect the position of the respective parties, deliberately and carefully taken on the basis of the best advice available to them.

On the basis of these letters our clients have expended much time and money in investigating the issues raised and in preparing their case.

20

The Affidavit of Mr Langridge, filed on behalf of the Plaintiff, exhibits these two letters in a context which makes it clear that these two letters raise the competing views on which the Court's determination is sought.

We also refer to paragraph 4(a) of Mr Hasluck's affidavit sworn on the 30th May, which we understand to have been accepted by the Plaintiff as reflecting the agreement reached between Counsel as to the definition of issues.

Your letter of 30th August 1983, for the first time, suggests some alternative view may be contended. This contention is not particularised, other than to suggest that beneficialiation or other treatment may begin "at an even earlier stage than the pulping box".

30

We note that it is the operation of the Plaintiff's concentrator plant which is in issue, that the plant has been operating since 1979, that the dispute the subject of these proceedings arose shortly thereafter, that in addition to its own considerable technical resources the Plaintiff has consulted numerous experts and yet this alternative contention only emerges in late August 1983. We await its unveiling with considerable interest but cannot but forbear the observation that it must be a concept of considerable subtlety to have eluded the Plaintiff and its advisers for so long.

Obviously we must obtain full particulars of this contention so that the advice of our experts may be obtained.

10

We request that you provide within seven days full particulars identifying the alternative point at which you contend "beneficiation or other treatment" may be said to begin.

If this alternative contention is to be supported by evidence, whether expert or otherwise, we require copies of affidavits to be relied on, or proofs of evidence, as soon as possible and in any event before the end of September.

Please note that our clients' rights to apply for any adjournment which may be necessary are expressly reserved and this letter will be used on any issue as to costs which may arise.

Yours faithfully,
KEALL, BRINSDEN & CO.

20

MAC.F9-F



C.R.A. SERVICES LIMITED

(INCORPORATED IN VICTORIA)

HAMERSLEY HOUSE
191 ST. GEORGE'S TERRACE, PERTH,
WESTERN AUSTRALIA, 6000

BOX 442, G.P.O.
PERTH,
WESTERN AUSTRALIA 6001
TELEX No. AA92315

Our Reference: P-HAM 1
Your Reference: 3:PMcC:28641

23rd September, 1983

Messrs. Keall Brinsden & Co.,
Barristers & Solicitors,
Commonwealth Bank Building,
150 St. George's Terrace,
PERTH, W.A. 6000

Attention: Mr. N.P. Hasluck

Dear Sirs,

HAMERSLEY v HANCOCK & ORS

I refer to your letter of 16th September, 1983.

The issues between the parties are defined, and defined only, by the question on page 2 of the Originating Summons. It will be open to the Plaintiff or any of the Defendants to make any submission to the Judge based on the evidence. The purpose of my letter of 30th August, 1983 was to ensure that the Defendants understood that. The letter does not foreshadow further affidavits. It refers to alternative arguments which may be derived from the evidence.

10

It may well be, for example, that "beneficiation or other treatment begins" within the meaning of Clause 9(b) at or about the stage where the ore is sized by the grizzly as mentioned in paragraph 8 of Mr. Langridge's principal affidavit or when it arrives at or leaves the stockpile referred to in the second last sentence of that paragraph.

Yours faithfully,


ANDREW PATTERSON,
CRA Legal Department, Perth



EXHIBIT "39NOB12" - Copy letter Keall
Brinsden & Co to Plaintiff's Solicitor
dated 6.10.83
KEALL, BRINSD
BARRISTERS AND SOLICITORS

MAX MURRAY VINNICOMBE LL B
ROBERT DENIS KEALL LL B
NICHOLAS PAUL HASLUCK LL B BCL
BRIAN GEORGE DE LA POER BEREAFORD LL B
ROGER NORMAN HILL LL B
PHILIP RONALD WILSON LL B
WAYNE STEWART MARTIN LL B LL M
CONSULTANT
GERALD KEALL LL B

TELEPHONE (09) 321 8531
TELEX AA94871

COMMONWEALTH BANKS BUILDING
150 ST GEORGE'S TERRACE
PERTH
WESTERN AUSTRALIA 6000
BOX 1348 G.P.O. PERTH WA 6001

OUR REF 3:PMcC:28641
YOUR REF P-HAM 1

6th October 1983

CRA Services Ltd,
Hamersley House,
191 St George's Terrace,
PERTH WA 6000

Attn: Mr A. Patterson

Dear Sir,

Hancock & Wright ats Hamersley Iron Pty Ltd

We refer to your letter of the 23rd September 1983.

If the issues between the parties are "defined only by the question on page 2 of the Originating Summons", why was it necessary to include paragraphs 19 and 20 in Mr Langridge's Affidavit? By Mr Langridge deposing in paragraph 20 that the parties were "still unable to agree on the true construction of Clause 9(b)" the clear meaning conveyed is that the parties are unable to agree as to which of the competing contentions set out in the letters of the 5th August 1981 and 11th September 1981 is correct and that the Court is being asked to decide between these two competing contentions. So considered the Originating Summons and Mr Langridge's Affidavit are consistent with the usual practice in proceedings by way of Originating Summons, that is to say, the competing constructions of the will or other instrument are specifically put forward for the Court's decision.

This understanding on the part of our clients, Counsel and ourselves is fundamental to the way this litigation has been conducted to date.

On the 22nd April 1983 the Defendants issued a Summons for Directions which sought, inter alia, an order that there be no pleadings.

In Mr Hasluck's Affidavit sworn on the 30th May 1983 he deposed -

"I am informed by Senior Counsel for the Defendants and verily believe that as a result of consultation between

EXHIBIT "39NOB12" - Copy letter Keall
Brinsden & Co to Plaintiff's Solicitor
dated 6.10.83

the abovenamed Counsel," (i.e. Counsel for both parties) "subject to whatever orders are made or directions given by the Court, the parties agree that -

(a) the central issue is sufficiently defined by the Originating Summons and the Affidavits filed by the parties and that there is no need to exchange pleadings."

The existence of such an agreement between Counsel has never been challenged by the Plaintiff in any way.

The Master's directions on the 2nd June 1983 were made by consent. On the Defendants' part, the consent to directions which did not include a requirement for pleadings was based on the agreement between Counsel to which we have referred.

10

We take your letter of the 23rd September 1983 as meaning -

(a) the Plaintiff will not be filing any further affidavits, and in particular no further affidavits which might provide further factual basis for the contentions referred to in the third paragraph of the letter;

(b) the Plaintiff has now thought of three possible further contentions which it may put at the trial as to the point where beneficiation or other treatment of ore as defined in the agreement can be said to begin, viz -

(i) at the grizzley; or

(ii) upon arriving at the stockpile; or

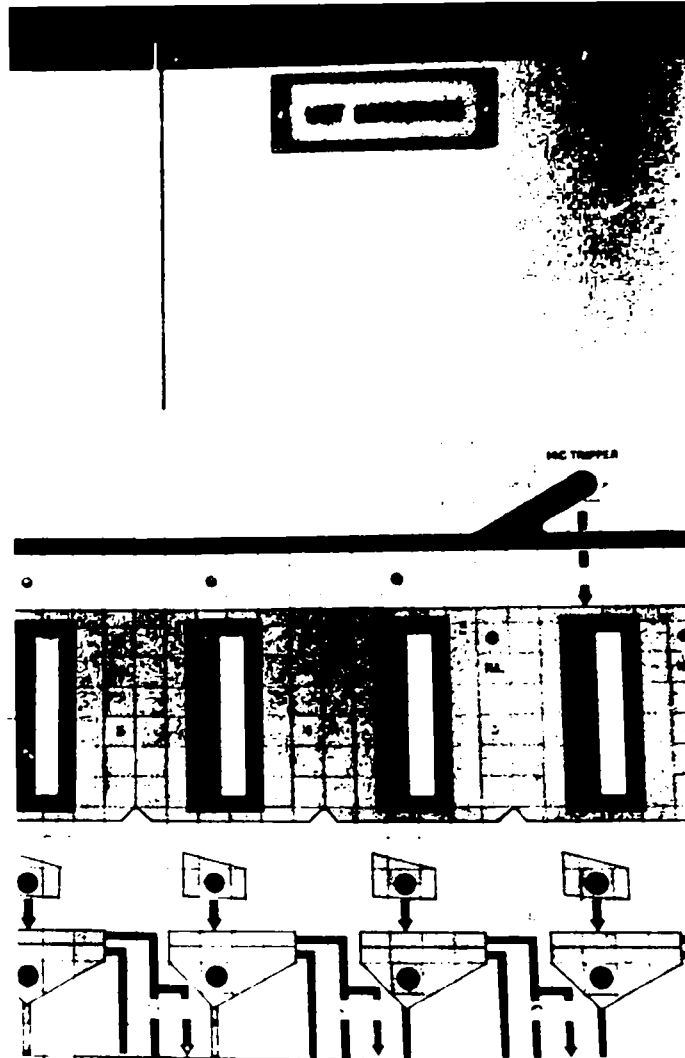
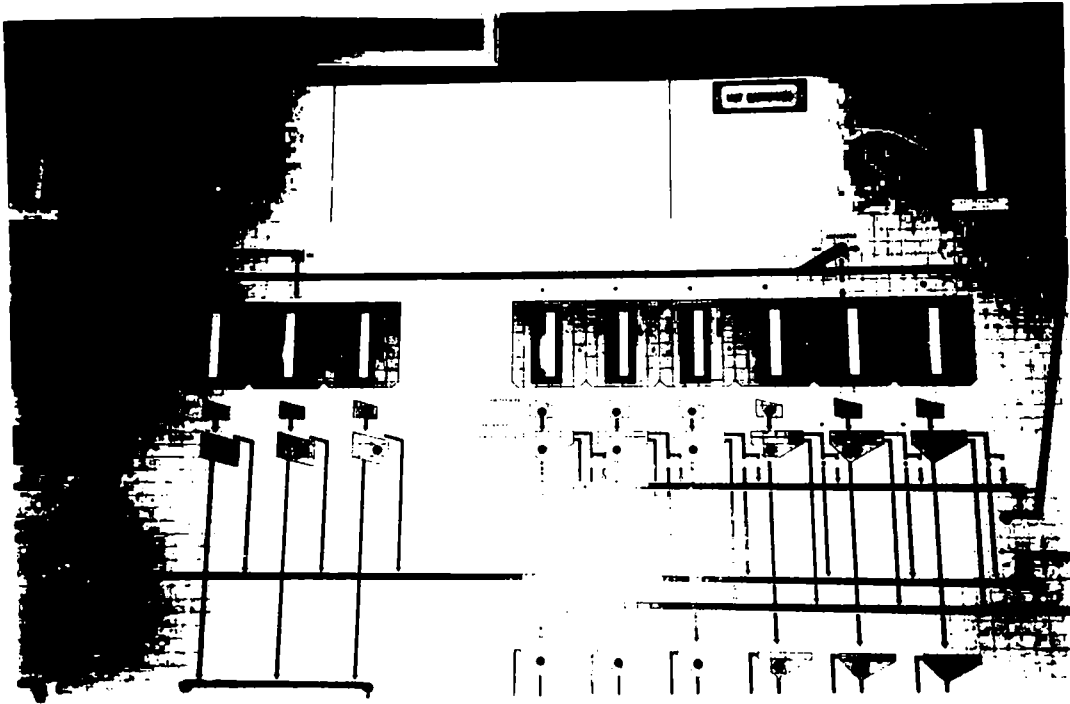
(iii) upon leaving the stockpile.

20

If any further contentions occur to the Plaintiff and its advisors, please let us know as a matter of strict urgency. We emphasise that the Defendants are entitled to know the case that they have to meet.

Yours faithfully,
KEALL, BRINSDEN & CO.

CES:TH9-P



(Enlargement of upper right section of top photograph)



3.50pm

83-10/1

0.5mm screen fed by underflow
from medium drum preparation screens.

Note mud puddles on top of
material discharged

1845 -

EXHIBIT "41A"-Photograph of material
on small screens 1983

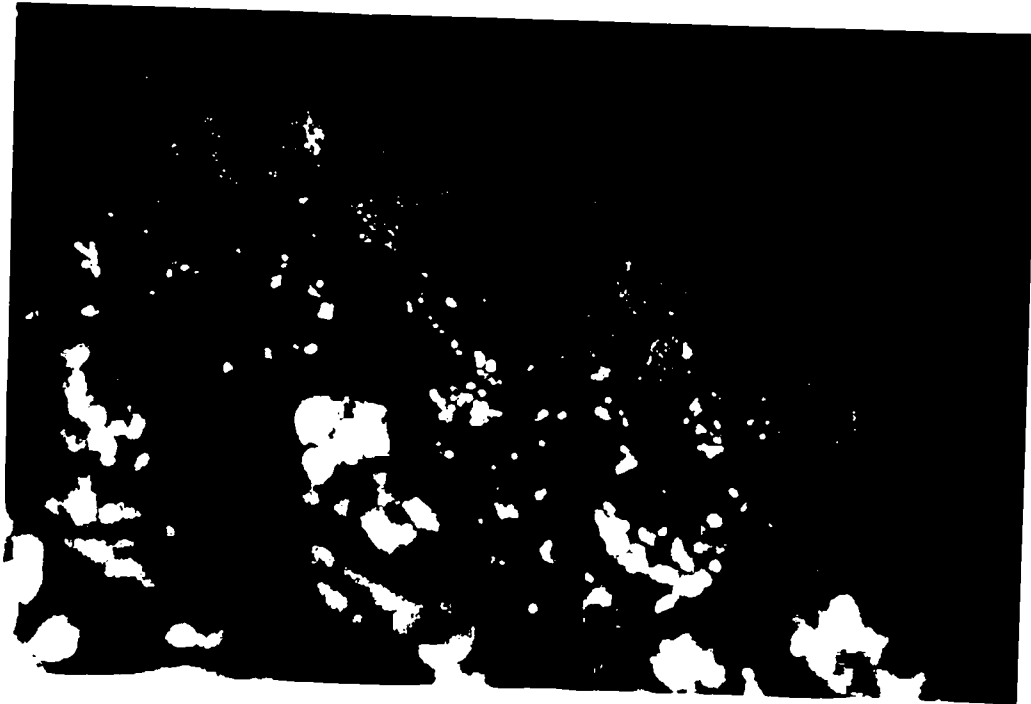


3.50 pm

83-10/1

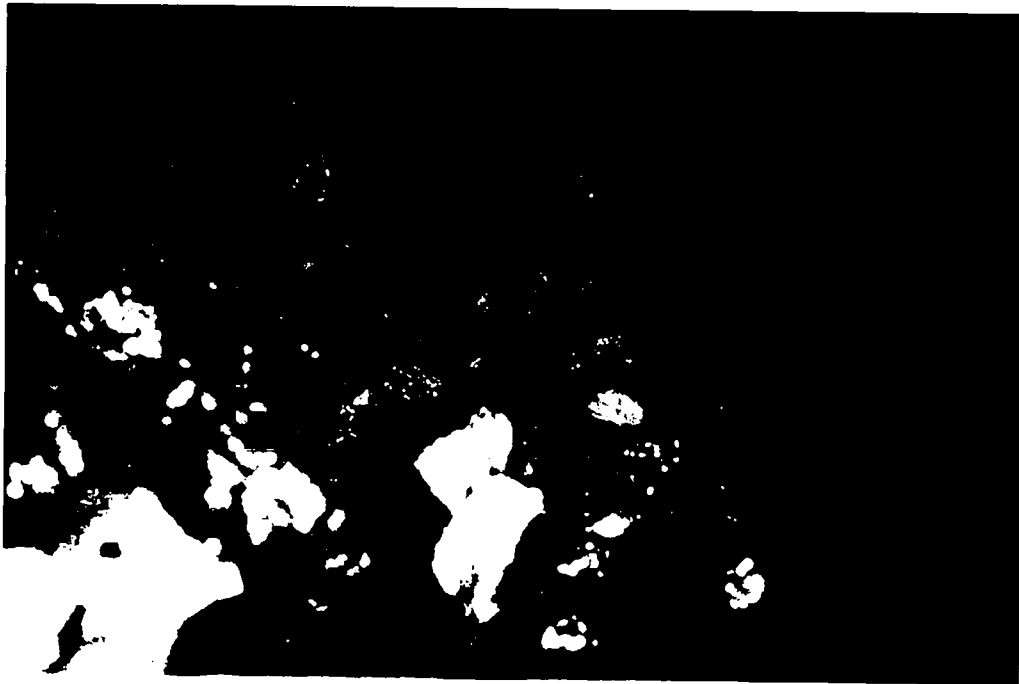
0.5mm screen fed by underflow
from medium drum preparation screens.

Note mud puddles on top of
material discharged



11.45 hrs

83-6/10A



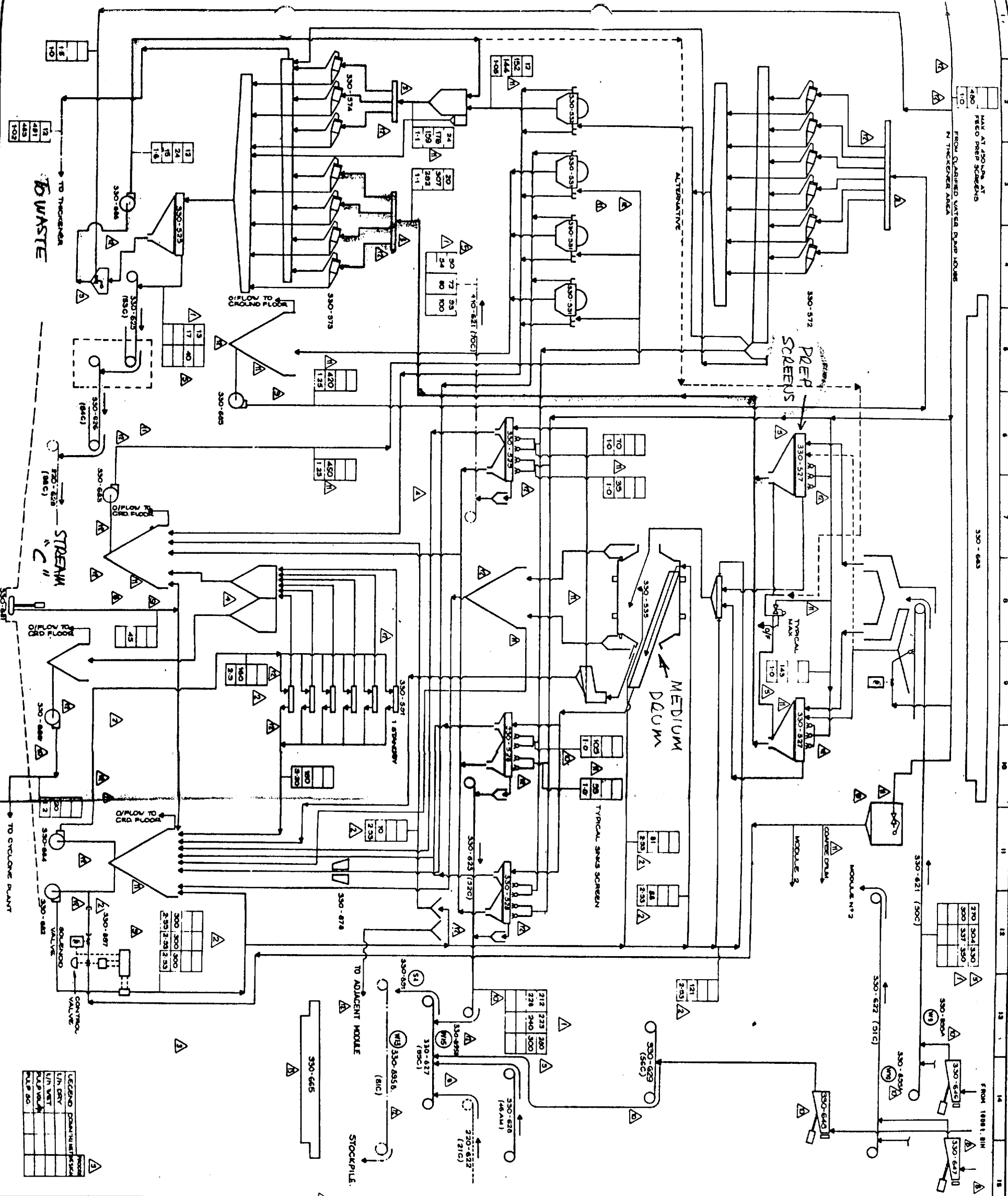
11.45 hrs

83-6/11A

Top Deck - primary screen No. 4
discharge end

EXHIBIT "43"-Flow Chart of
Concentrator Medium Drum Plant
dated 30.7.76

EXHIBIT "43"-Flow Chart of
Concentrator Medium Drum Plant
dated 30.7.76



EQUIPMENT NUMBER	QTY	DESCRIPTION OF EQUIPMENT FOR MEDIUM DRUM PLANT (QUANTITIES FOR 2 MODULES)
330-572	2	DRYING SCREEN
330-574	4	FEED PREPARATION SCREEN - AC LOW HEAD SCREEN
330-528	4	PRODUCT SINK SCREEN - HARBOLDT 2400 x 4500
330-529	2	PRODUCT FLAT SCREEN - HARBOLDT 2400 x 4500
330-531	6	PRIMARY MAGNETIC SEPARATOR - 800 DIA x 1800
330-532	2	SECONDARY MAGNETIC SEPARATOR - 800 DIA x 1800
330-533	2	HEAVY MEDIUM DRUM - 4200 DIA x 3600
330-572	12	SPRAY RECOVERY CYCLONES - 300 D. 8M
330-573	8	FEED PREPARATION SCREEN UNDERFLOW CRT-33003M
330-574	6	SEC MAGNETIC SEPARATOR TALLIES CYCLONES-33003M
330-591	12	CENTRIFUGAL DEWAXERS
330-621	1	750 CONVEYOR - FEED TO PLANT (MODULE N°1)
330-622	1	750 CONVEYOR - FEED TO PLANT (MODULE N°2)
330-623	1	900 CONVEYOR - BANKS COLLECTOR
330-625	1	E.O.T CRANE 5T. (COMMON TO CONVEY & FEED DRUM PLANTS)
330-626	1	750 CONVEYOR - BANKS DEGRADATION
330-627	1	1200 CONVEYOR - TO STOCKPILE
330-628	1	1200 CONVEYOR - FEED FROM EXISTING NO 3 PLANT
330-629	1	900 CONVEYOR - PLANT BYPASS TO CONVEYOR 330-627
330-644	2	VIBRATORY FEEDER - 8M TO CONVEYOR 330-621
330-645	2	VIBRATORY FEEDER - 8M TO CONVEYOR 330-622
330-646	1	VIBRATORY FEEDER - BN TO CONVEYOR 330-629
330-648	1	E.O.T CRANE 25/3 T. (COMMON TO COARSE AND FINE DRUM PLANTS)
330-649	1	DESCRIPTION OF EQUIPMENT FOR MEDIUM DRUM PLANT (QUANTITIES FOR 2 MODULES)
330-641	2	PUMP - FLOOR DRAIN - WARMAN 3/4 DTV
330-642	2	PUMP - HEAVY MEDIA - WARMAN 8/8 1/2 M
330-643	2	PUMP - DILUTE MEDIA - WARMAN 8/8 1/2 M
330-644	2	PUMP - MLC - REGULATOR UNDERFLOW - WARMAN 8/8 1/2 M
330-645	2	PUMP - MLC - REGULATOR UNDERFLOW - WARMAN 8/8 1/2 M
330-646	2	PUMP - DEWAXING SCREEN UNDERFLOW - WARMAN 3/8 M
330-647	1	PUMP - ULTRASONIC MEDIA TRANSFER - WARMAN 3/2 CM
330-648	2	PUMP - CENTRIFUGAL DEWAXER FEED - WARMAN 8/8 1/2 M
330-649	2	PUMP - MLC - REGULATOR UNDERFLOW - WARMAN 8/8 1/2 M
330-678	2	DEMAGNETIC COIL
330-681	1	SAMPLER
330-684	2	BELT VEICHER
330-685	2	DEPARTY CONTROLLERS

LEGEND

△	Equipment
○	Flow
□	Control
◇	Valve
▽	Drum
◇	Screen
◇	Separator
◇	Conveyor
◇	Feeder
◇	Crane
◇	Pump
◇	Drum
◇	Separator
◇	Conveyor
◇	Feeder
◇	Crane
◇	Pump

REVISIONS

NO	DATE	DESCRIPTION
1	10-1-77	ISSUED FOR CONSTRUCTION
2	10-1-77	REVISIONS TO DRAWING
3	10-1-77	REVISIONS TO DRAWING
4	10-1-77	REVISIONS TO DRAWING
5	10-1-77	REVISIONS TO DRAWING
6	10-1-77	REVISIONS TO DRAWING
7	10-1-77	REVISIONS TO DRAWING
8	10-1-77	REVISIONS TO DRAWING
9	10-1-77	REVISIONS TO DRAWING
10	10-1-77	REVISIONS TO DRAWING
11	10-1-77	REVISIONS TO DRAWING
12	10-1-77	REVISIONS TO DRAWING
13	10-1-77	REVISIONS TO DRAWING
14	10-1-77	REVISIONS TO DRAWING
15	10-1-77	REVISIONS TO DRAWING
16	10-1-77	REVISIONS TO DRAWING
17	10-1-77	REVISIONS TO DRAWING
18	10-1-77	REVISIONS TO DRAWING
19	10-1-77	REVISIONS TO DRAWING
20	10-1-77	REVISIONS TO DRAWING

GENERAL NOTES

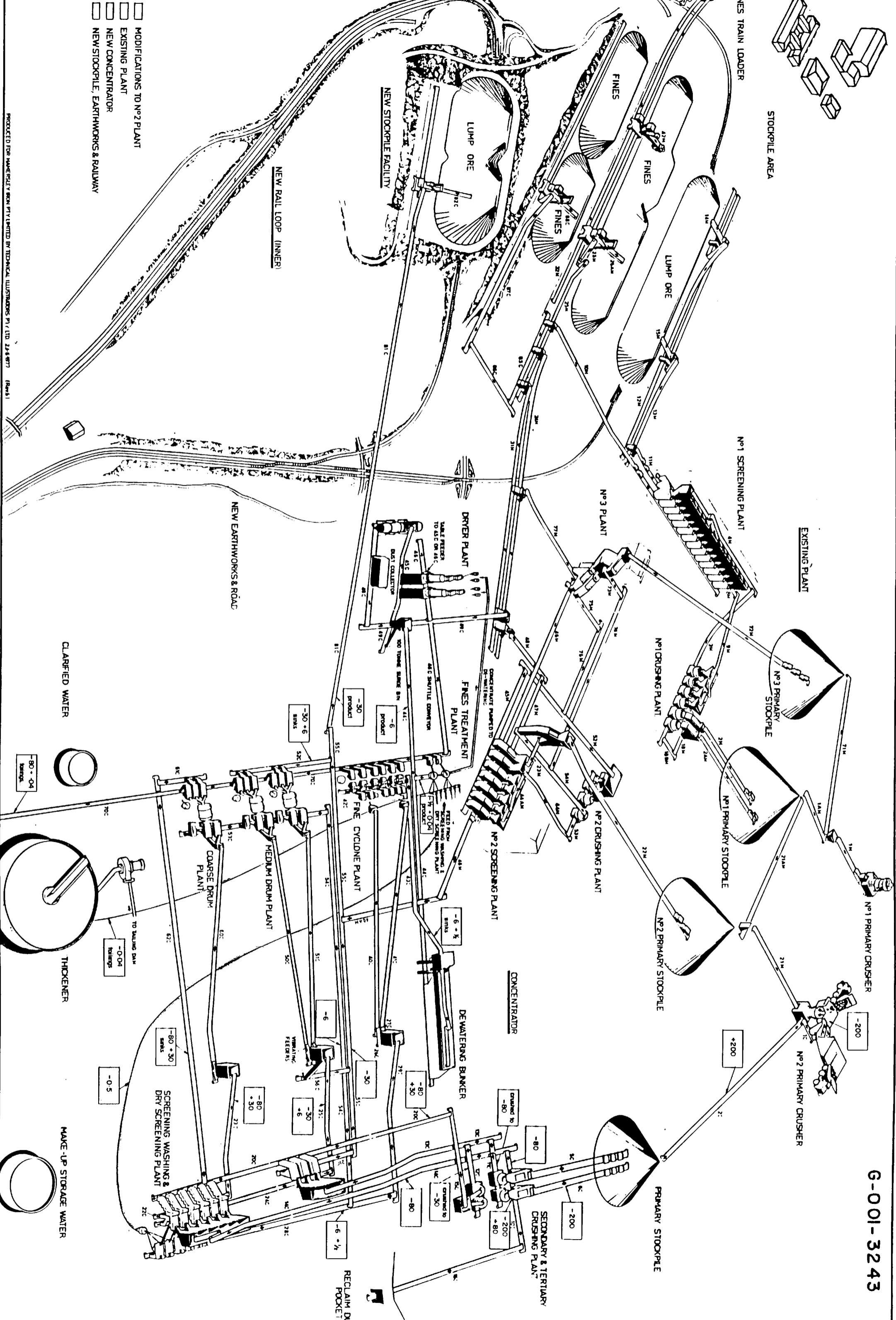
1. ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SPECIFIED.
2. ALL MATERIALS ARE TO BE SUPPLIED BY THE CONTRACTOR UNLESS OTHERWISE SPECIFIED.
3. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE SPECIFICATIONS AND DRAWINGS.
4. ALL WORK IS TO BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.
5. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE HEALTH AND SAFETY REGULATIONS.
6. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE ENVIRONMENTAL REGULATIONS.
7. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE QUALITY MANAGEMENT SYSTEM.
8. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT MANAGEMENT PLAN.
9. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE RISK MANAGEMENT PLAN.
10. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE COMMUNICATION PLAN.
11. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE STAKEHOLDER ENGAGEMENT PLAN.
12. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT CLOSURE PLAN.
13. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT REPORTING PLAN.
14. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT EVALUATION PLAN.
15. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT ARCHIVING PLAN.
16. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT LEGACY PLAN.
17. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT SUSTAINABILITY PLAN.
18. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT INCLUSION PLAN.
19. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT TRANSPARENCY PLAN.
20. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE PROJECT ACCOUNTABILITY PLAN.

PROJECT INFORMATION

Client: HAMBERSLEY IRON PTY LIMITED
 Project: EXPANSION TO 46M³/A CONCENTRATOR - TOM PRICE
 Drawing: MEDIUM DRUM PLANT FLOW DIAGRAM
 Scale: AS SHOWN
 Date: 10-1-77
 Drawing No: 330-920-1
 Revision: 13

EXHIBIT "44" - Chart of Isometric
Arrangement of Tom Price Concentrator
Plant dated 23.6.77

EXHIBIT "44" - Chart of Isometric
Arrangement of Tom Price Concentrator
Plant dated 23.6.77



- MODIFICATIONS TO No. 2 PLANT
- EXISTING PLANT
- NEW CONCENTRATOR
- NEW STOCKPILE, EARTHWORKS & RAILWAY

PRODUCED FOR WAMPSELEY MINES PTY. LIMITED BY TECHNICAL ILLUSTRATORS PTY. LTD. 24-6-87 (Rev. 4)

AFFIDAVIT

EXHIBIT "45" - Affidavit of Ernest
Archibald Maynard Wright dated 20.10.83

I, ERNEST ARCHIBALD MAYNARD WRIGHT of 193 Stirling Highway,
Claremont, in the State of Western Australia make oath and say as
follows :

1. I am the secondnamed Defendant. I am authorised by all other
Defendants (other than the sixth Defendant) to swear this
affidavit on their behalf.

2. When the Agreement dated 12th December, 1962 which is Exhibit
"CRL1" to the affidavit of Colin Roy Langridge sworn on 2nd
September, 1982 ("the agreement") was executed, it included
a backsheet bearing the name of Arthur Robinson & Co.,
Solicitors, of Melbourne. Now produced and shown to me marked 10
"EAW1" is a copy of that backsheet. Arthur Robinson & Co.
acted as solicitors for the Plaintiff and other companies referred
to in the agreement as the purchasers (viz Rio Tinto Management
Services (Australia) Pty. Ltd. and Rio Tinto Southern Pty. Ltd.)
in the negotiations which lead up to the execution of the
agreement. The late Mr. John Rodd, who was a senior partner
of Arthur Robinson & Co., and a Director and Deputy Chairman
of CRA Limited, personally handled the matter on behalf of
the purchasers. The Perth agents of Arthur Robinson and Co
(Messrs Jackson McDonald & Co.) also took some part in the 20
early stage of the negotiations. The late Mr. Hubert Stables
acted on behalf of Mr. Hancock and myself.

3. The negotiations as to the form of the agreement proved to
be very protracted. Now produced and shown to me marked
"EAW2" is a bundle of correspondence which passed between

the parties and their legal advisers between May and December 1962. The following persons are referred to in the correspondence :

Mr. (later Sir) Val Duncan - Chief Executive of Rio Tinto Limited.

Mr. (later Sir) Maurice Mawby - Chairman and Chief Executive of CRA Limited

Mr. John Hohnen - Managing Director of Rio Tinto Southern Pty. Ltd.

Mr. Pat Robinson - Acting Managing Director of Rio Tinto Southern Pty. Ltd.

Mr. Struan Anderson - Managing Director of Rio Tinto Southern Pty. Ltd.

10

4. Now produced and shown to me marked "EAW3" is a bundle of drafts of the agreement. I have not been able to locate any further drafts among the Defendants' records.

5. I have read the affidavit of Geoffrey Samuel Baker sworn 17th October, 1983. Mr. Hancock and I were familiar with the operations of the Pilbara tin mine described in Mr. Baker's affidavit. In a letter to Mr. John Hohnen dated 12th June 1962 I referred to those operations and the possible application of such processing to iron ore. Now produced and shown to me marked "EAW4" is a copy of that letter.

20

EXHIBIT "45" - Affidavit of Ernest Archibald Maynard Wright dated 20.10.83

Ernest Archibald Maynard Wright
John Hancock

SWORN by the said ERNEST)
)
ARCHIBALD MAYNARD WRIGHT)
)
at Perth the 20th day of)
)
October 1983)

Ernest Wright

Before me :

Peter J. Carter JP

A Justice of the Peace

Peter J. Carter



EXHIBIT "45" - Affidavit of Ernest
Archibald Maynard Wright dated 20.10.83

Ernest Wright

Peter J. Carter JP

Dec 1st 1927

DATED

December

EXHIBIT "45EAW1" - Copy backing Sheet of Agreement

L.G. HANCOCK & ORS.

RIO TINTO MANAGEMENT
SERVICES (AUSTRALIA)
PTY. LTD.

RIO TINTO SOUTHERN
PTY. LTD.

HAMERSLEY IRON PTY. LTD.

A G R E E M E N T

ARTHUR ROBINSON & CO.
SOLICITORS
MELBOURNE

EXHIBIT "45EAW1" - Copy backing Sheet of Agreement

JACKSON, McDONALD & CO.

SOLICITORS AND NOTARIES

STANLEY BERTRAM GONNOR
THEODORE ROSSLYN AMBROSE
GRESLEY DRUMMOND CLARKSON
GEORGE DUNDAS WRIGHT

C.M.L. BUILDING
55 ST. GEORGE'S TERRACE
PERTH, WESTERN AUSTRALIA

TELEPHONES 23 2751 23 2480
CABLES AND TELEGRAMS "ARBITER"

YOUR REF.....

OUR REF..... GDW/JB.

OUR REF..... GDW/JB.

24th May 1962.

Mr. E.A. Wright,
804 Wellington Street,
PERTH.

Dear Sir,

RIO TINTO SOUTHERN PTY. LIMITED - NEW
AGREEMENT

Further to our recent telephone conversation with you, we now enclose a draft of the proposed new Agreement in this matter for your perusal.

We are instructed to state that Rio Tinto Southern reserves the right to suggest amendments to the Agreement as now drafted and forwarded to you.

Yours faithfully,

Jackson McDonald & Co

Enc.

rights to mine

*Blanket clause
2 1/2% on other side*

*B-L - suggests
main agreement*

*FOR value - beneficiaries
Reversion to us if
not paid*

*new hegging - there is no
revert*

new hegging

25 MAY 1962

JACKSON, McDONALD & CO.

SOLICITORS AND NOTARIES

STANLEY BERTRAM GONNOR
THEODORE ROSSLYN AMBROSE
GRESLEY DRUMMOND CLARKSON
GEORGE DUNDAS WRIGHT

YOUR REF.....
OUR REF..... **GDW/JB.**

**C.M.L. BUILDING
55 ST. GEORGE'S TERRACE
PERTH, WESTERN AUSTRALIA**

TELEPHONES 23 2751 23 2489
CABLES AND TELEGRAMS "ARBITER"

25th May, 1962.

Mr. E.A. Wright,
804 Wellington Street,
PERTH.

Dear Sir,

RIO TINTO SOUTHERN PTY. LTD.

Further to our letter to you of yesterday's date under cover of which we enclosed a draft of the proposed new iron ore Agreement which is to be followed by a new blue asbestos Agreement, we understand that our client Company has no particulars of the present titles held by yourself, Mr. Hancock and your associated Companies. We would accordingly appreciate it if you would let us have particulars of the mining tenement held for blue asbestos.

Although our principals stated they were forwarding three copies of the draft of the iron ore Agreement, we in fact only received two but when we next write them, we will ask them for an additional copy so that we may forward a copy to Mr. Stables in response to your verbal request.

*Phoned Mr. E. Wright 31-5-62.
12.35pm.
re above stating mineral
claims 248-251 (24) Deal Hill area*

Yours faithfully,

Jackson McDonald & Co

30 MAY 1962

[Handwritten signature]

8th June, 1962.

Dear John,

We duly submitted your Draft to Hubert Stables. His suggested amendments were so extensive that he thought it best to produce a new draft, which I enclose. Lang has been through it, here-
but although I went through each point with Hubert beforehand .

We look forward to hearing from you at your early convenience.

Best regards.

Yours sincerely,

E. A. Wright
per JAW

E. A. WRIGHT.

Mr. J. Rodd,
c/o Rio Tinto Southern Pty. Limited,
408 Collins Street,
MELBOURNE .. VICTORIA.

EAW:FAM.
(encls.)

12th June 1962

Dear John,

It has already been arranged between us that Doctor Campana will, at a suitable time to be arranged, inspect the Tin and Tantalite prospects of Pilbara Exploration and the other Companies in that area. We have already explained that we have an arrangement with these other Companies whereby in the event of the inspection proving satisfactory to the point where Rio Tinto is desirous of taking an option, these other Companies will join us so as to make a build-up in size capable of being operated by a large Company or subsidiary of Rio Tinto.

10

The commercial scale operation of this tin field would yield as a by-product something like 10% of its out-put in Tantalite Buxenit and other rare minerals etc. I think you are well acquainted with the part Niobium plays as a frictionless non-lubricating bearing which makes space craft possible. We feel that the most promising areas and knowledge of possible extensions in the district lies with Pilbara Exploration No Liability which is a Company listed on the Stock Exchanges as Oils.

Pilbara Exploration is a Company formed for the purpose of prospecting for Oil and other minerals and was dependent on its income for production from Tantalite and Tin. This Company got its "fingers" burnt through the U.S.A. 20 Government breaking faith with its Tantalite for P to E for Oil. The Company has been struggling ever since and has been mainly kept going through finance from Hancock and Wright.

The question of Oil exploration came up in the following way. Hancock and Wright led a syndicate which drilled a hole for Oil before Wapet came to this country and in territory now being actively operated by Wapet. Pilbara Exploration applied for this ground and was refused. Hancock in the course of flying around the North-West noticed that the sedimentary region of the Canning Basin extended in a direction not marked on the Government geological map. Pilbara Exploration made application for P to E based on this knowledge 30 and was refused. This ground has now become available and Pilbara Exploration has again tendered, along with tenders, for several other applications. We have filed a total of six applications and are fairly confident of getting at least 2 of them. If we get the ones we require, our Company has a provision in its construction for a share issue to raise £440,000 for exploration of these areas.

As you know, there are hords of so-called Geologists available, but the Directors of this Company are not prepared to stand public money in support of their findings. We are, however, prepared to support the opinion of your Doctor Campana who has had some 12 years' experience in Oil Geology in other parts of the world. The purpose of this letter, therefore, is to see if we can

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1857

come to some arrangement with you for a preliminary use of Campana's spare time services on a mutual benefit basis. For the time being we would merely like to use him as a reference in an honorary capacity; later, if anything comes of our hopes, we would like to make some financial arrangement/for the use of his services.

with you

Pilbara Exploration is a Company which is short of money but is not lacking in other ways, for instance: it has been responsible for the development of a revolutionary type concentrator, which is coming into use in alluvial tin fields and replacing Spirals in the Beach Sands industry in Western Australia. We would like to bring to your notice that we believe that this new form of treatment could be substituted for Spirals and Magnetic separation in the beneficiation of Iron 10 from the banded Iron stones at the Hamersley Ranges. Our methods have proved cheaper than Spirals and Magnetic Separation in the case of Beach Sands and we feel that with some money spent in research into this matter the same system could be made to apply for use in our Iron Ores with beneficial results. Hancock and Wright are prepared to make available the services of the Engineer-Inventor, who has done a lot to develop this revolutionary method. The salary would be £3,000 per year. This Engineer could be used in a number of ways particularly with regard to construction of the high-speed conveyor and the transfer of Ore at sea from L.S.T. to barges to giant going ships. He has had considerable experience in re-designing and re-building whale-chasing and other ship equipment. -20

Kindest regards,

Yours sincerely,

John Hohnen, Esq.,
Rio Tinto Mining Co. Ltd.,
MELBOURNE. VIC.

June 30, 1962.

Dear John,

We have been expecting your comments on the re-typed version of our proposed new agreement.

You will remember that the first draft was due on May 15 - on Monday we will be into July. I know you are a busy man, but could we please have something by return mail.

Thanks.

Regards,

John Redd Esq.,
360 Collins Street,
MELBOURNE.

H

June 30, 1962.

Dear John,

So far not a word from John Redd since his acknowledgment of Hubert's retyping.

On Monday it will be July 2. We would be very grateful if you would see what can be done about it.

Thanks.

Best regards,

John Holmes Esq.,
C/o Rio Tinto,
Collins Street,
MELBOURNE.



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July 9, 1962.

Dear Jean,

I was not very happy on the telephone the other day when you told me that you would not set a date for posting over your reactions to Hubert's retyping, but couldn't then think of suitable arguments to get you to see the need. Perhaps I was lulled into acquiescence, by your ready assurance that you would be as quick as you could be.

But really Jean, that is not good enough. ^{3 weeks since the} It is now 3 months since the arrangement was made in Melbourne and the document sent to you; and irrespective of all the other work that you've had to do, you must admit that that should have been long enough.

The main argument which I completely forgot on the telephone is the original reason for advancing us the £20,000 and is that Lang and I are desperately in need of money. True the £20,000 has been paid to us, but we haven't used it, or rather have used very little of it (£4,000). We are simply not prepared to spend the balance in case the 30th September comes along and we have to find £20,000 to pay the advance back. As far as we are concerned the money is still in escrow.

In a few days we are due to pay our Annual Mining Rents, which will exceed £1,000, as well as Road Board Rates which are nearly as much. So please Jean, if you haven't already posted it do so today.

TODAY
/

Yours.



John Redd Esq.,
C/o Rio Tinto Southern Pty. Ltd.,
408 Collins Street,
MELBOURNE.

EAV.BKC

July 10, 1962.

Dear John,

In a letter of May 31, a copy of which we expect you have, Val suggested that if necessary you would arrange a meeting between you, Mr. Mawby and ourselves.


The tempo has increased since you left and there are several matters at top level that require attention if the partnership is not to suffer.

We therefore suggest that you arrange an early date for us all to meet.

In the meantime, we cannot reiterate too strongly the utter futility of individuals approaching any part of the W.A. Government.

Best regards,

Yours faithfully,



J. Hennen Esq.,
Rio Tinto Southern Pty. Ltd.,
408 Collins Street,
MELBOURNE.

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RIO TINTO SOUTHERN PTY. LIMITED

Registered Office: 408 COLLINS STREET, MELBOURNE

Please address your reply to the Secretary
G.P.O. BOX 229E MELBOURNE
TELEPHONE: MY 1951
TELEGRAPH: "RIOTINTO" MELBOURNE
TELEX: MLB 134

RTS/JHH/JY

11th July 1962

Messrs. Hancock and Wright,
Box P 1209 G.P.O.,
Perth,
W.A.

10

Dear Sirs,

We have now considered with our solicitors, Messrs, Arthur Robinson & Co., the altered draft agreement forwarded with your letter of 8th June, and our comments on the alterations which have been suggested to that firm's draft are set out below.

The proposal that a new form of agreement should be entered into was made with a view to:-

- (a) Consolidating in a single document all the now relevant provisions of the agreements of 11th September 1959, 1st December 1959 and 9th April 1961 relating to iron ore and
- (b) Recording agreement on the proposals set out in the receipt of 4th April 1962.

20

(It is also proposed that simultaneously with entering into an agreement relating to iron ore an agreement in similar terms be entered into relating to blue asbestos.)

While a number of the alterations incorporated in your draft result in improvements to the wording of the present agreements in which we are happy to concur yet certain others do alter the substance of the arrangements between us to an extent which we are not able to accept. In these instances we have indicated below our desire to retain the wording of our solicitors' draft.

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.../2

13 JUL 62

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allowed cl. 7. 9 Apr 62 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Clause 1.

We are considering the question of the possible inclusion of the Ashburton Goldfield and would hope to advise you of our decision shortly.

now 4 for ever

The additional wording inserted after "otherwise" goes beyond the intention of the original agreements and is not acceptable. * by which the State holds. Nothing can be done until the 3rd of June.

Clause 5.

The alteration of the phrase "area covered by the Mining Titles" to "area covered by this agreement" is not acceptable. This could extend to areas presently held by outside parties. Only if they were from the 1/1/59 cl. 12 by R.T. by option or otherwise.

to be used

Clause 6.

The existing agreements provide for payment of the sum of £60,000 on "transfer of titles". It now seems unlikely that titles will be first issued and then transferred. Clause 6(c) was therefore drawn by Messrs. Arthur Robinson & Co. to provide for this situation. It is essential however that this Company should itself be satisfied with the titles and to leave open the question as to what is satisfactory could possibly lead to dispute. It is considered therefore that the wording in our solicitors' draft should be retained.

Hubert

Clause 7.

The requirement as to forwarding transfers is considered unnecessary. We have no objection to altering "seven" to "fourteen" or to the other alterations to this clause.

but the word 'seven' is not to be altered.

Clause 8.

The additional words would be acceptable if the following were added after the word exercised "or active preparation for or in relation to the treatment, transport or shipment of iron ore therefrom".

Part OK

Clause 9.

While it is always possible that at some future time when more is known of the exact nature of our operations consideration may need to be given to the desirability of reviewing the terms of this clause yet it is not considered desirable at this stage to vary the terms of our present arrangement.

Review of clause

.../3

Clause 10(a)

Clause 10(a)

The words "during the continuance of the said option" appear to be unnecessary. *As per draft*

the words

Then what?

Clause 10(b)

(c.f. 17(1) of agreement of 21/10/59)

We have no objection to this.

Clause 10(c)

(c.f. 12 of agreement of 9/4/61)

We have no objection to this.

Clause 10(d)

Is not acceptable to us.

then objection

Clause 11.

This altered clause is acceptable.

The reference to Clause 5 should be to Clause 6.

Clause 12.

The amendments are acceptable provided the word

apply "or" is inserted before "join" in the third line.

Clause 13.

This is not a term of the existing arrangements

cannot maintain

and is not acceptable.

If it isn't it should be - either expressly or implicitly, of unambiguously, not expressly

Clause 15.

The alteration of "Reserves" to "Mining Titles" is acceptable.

Clause 16.

It is not clear why para (b) of Messrs. Arthur Robinson & Company's draft has been omitted (see 15(b) of agreement of 21/10/59).

use of para (b)

What is?

Clause 19.

This clause which contains substantial variations to the existing arrangements is not acceptable.

obligation to take care before abandonment

Clause 21.

We would prefer to adhere to our solicitors' draft.

Payment - can fix

Clause 22.

The additional words in lines 2 and 3 are not acceptable. Your suggested proviso is acceptable in principle but should be limited to assignment and should have the words "in such manner as shall be satisfactory to the Vendors" deleted.

not good enough

Clause 23.

The words "in writing beforehand" should be retained (see clause 11 of agreement of 9/4/61).

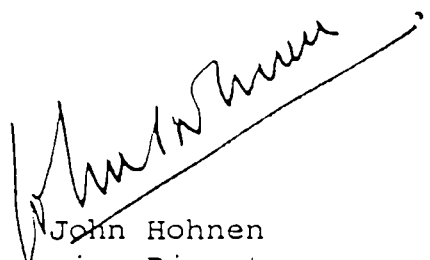
why do they want to beat?

not practicable .../4

Clause 28. Is acceptable.

It is appreciated that it may not be possible to settle all aspects of the proposed new forms of agreement to our mutual satisfaction without our conferring together, and it is intended that within the near future Mr. Rodd should visit Perth for this purpose. However, we would ask that meanwhile you consider the above comments and let us have any further observations you would like to submit.

Yours faithfully,



John Hohnen
Managing Director.

July 14, 1962.

Dear John,

Please let me say how much we appreciate your personal efforts three months ago to obtain for Hancock and Wright an advance of £20,000 against their contract.

As you know we still cannot use this £20,000 and judging by your letter of July 11 containing John Wadd's points, we are not likely to get the use of the money for some time.

As I understand the position a new comprehensive agreement was to be drawn up embodying all previous agreements and arrangements between Rio Tinto and Hancock and Wright. This new agreement was to differ in two respects only from our present agreement; namely -

1. To delete the dragnet clause embracing all minerals, which Rio Tinto found objectionable; and
2. To fix a date for payment to us £20,000;

whereas in fact it seems to me that the new agreement proposes to take a number of things from us of a major nature. Let us look at just one of them (not the most important by any means) - the Harrett-Lennard deposit.

All our talks, letters, heads of agreement and agreements have embraced total iron, first in the areas Pilbara and West Pilbara and then later in the Ashburton as well; and yet the new proposal would exclude operations at Harrett-Lennard's as an exercise of option. Captain Longdon expressed the opinion to me that Harrett-Lennard's constituted the plum of the whole field. Surely Rio Tinto's memory can't be so short that it has forgotten that their Directors threw this valuable plum out, not once but several times, and that Hancock and Wright had to go down on their hands and knees and virtually beg before Rio Tinto would take it! As you know, we gave away half our percentage to get it and we secured it on a shoe string for Rio Tinto for five long, tough months, despite the fact that B.H.F. was camped only four miles away. Just imagine what Harna or Howe Sound would do with it! To any enterprising people it is worth millions, and yet without any beg-pardons it is being summarily dismissed from our contract as a point of exercising. Surely this is hardly fair.

/s

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We have found much to be grateful for in our association with Rio Tinto; let us list the highlights :-

1. Pat Robinson backing us in the first instance to the extent of £10,000 to enable us to get started in the field.
2. Compton's prompt confirmation of Hancock and Wright's assessment of our iron being of major world standard.
3. Mr. Duncan's plan as submitted to the U.A. Government in an effort to get titles.
4. Your personal efforts to clean up the agreement and advance us £20,000 on our contract.

No good will be served by listing items on the debit side, beyond saying that these nearly all are in some way connected with Rio Tinto Melbourne's failure to consolidate our joint position by taking option to secure titles on the many occasions that have been open to them. We regret the petty arguments that have characterised our association with Melbourne and I for one feel that unless matters are straightened out at top level, any attempts to force the wide-sweeping provisions of the proposed agreement as prepared by Arthur Robinson & Co., could only worsen our association. To my simple way of thinking, Robert Staples' draft, with two exceptions, embraces the spirit and letter of our many arrangements right from the time of our association from Pat Robinson onwards. The two items of exception are :-

1. Clause 10 (d) which doesn't matter in the least.

and

2. The long winded and ambiguous clause about beneficiation Royalty.

I feel that this latter point may be covered by using Pat Robinson's words, namely :-

"Rio Tinto will pay a Royalty to Hancock and Wright on all ores or concentrates produced from deposits covered by rights, claims, licences, or options made available to Rio Tinto under the terms of this agreement at a rate of 2% of their market value F.O.B."

In other words Rio Tinto is to make no attempt to avoid paying on everything that comes out of the areas covered by the agreement.

It must be admitted by all concerned that Hancock and Wright have put up a terrific battle with Rio Tinto Melbourne to try and secure for them a first class monopoly position and to secure for the partnership a firm title position. We have failed to win this battle with Melbourne and this failure could ultimately be to the very great detriment of Hancock and Wright; so much so that we are not ashamed to say (now that the stage has been reached where it



will cost Rio Tinto nothing extra - see clause 11) that it would be no more than fitting as some small measure of compensation to Hancock and Wright if Rio Tinto were to pay forthwith the balance of the £100,000. This sum of money is completely without significance in the overall scheme of things and ranks as nothing compared with what Rio Tinto will now have to pay to get rid of the competitors, which could have been excluded from the field if Hancock and Wright's advice had been taken in the first place and actively and ruthlessly pursued throughout.

Exercise of the option in this way would bring to an end the need for us to be in any further negotiations anywhere, leaving you to make or break the project on your own, and thus removing any chance of further friction. It would also resolve the Barrett-Lennard argument.

10

In this letter John I am not trying to present an argument, I am trying to avoid one that I can see looming up over many petty points arising out of Mr. Todd's remarks. Whilst my partner may care to answer these arguments point by point and discuss the matter personally with your lawyer, I feel that there are much more important and pressing issues affecting our joint future to be faced, which may possibly be resolved by our being introduced by you to your Mr. Murby immediately.

Herewith several copies. One has been forwarded to Mr. Cannon.

Kindest regards,

Yours sincerely,

LANG HANCOCK

J. HANCOCK Esq.,
C/o Rio Tinto,
405 Collins Street,
MELBOURNE.

EXHIBIT "45EAW2" - Bundle of correspondence



CONZINC RIOTINTO OF AUSTRALIA LIMITED
95 COLLINS STREET, MELBOURNE, C.1

G.P.O. BOX 384D
TELEPHONE 63-0491
TELEGRAMS 'CONRIO'
TELEX 169 & 108

A

19th July, 1962.

L.G. Hancock, Esq.,
Messrs. Hancock and Wright,
Box P 1209, G.P.O.,
PERTH,
Western Australia.

Dear Mr. Hancock,

IRON ORE : HAMERSLEY.

I have recently learned that I am to take charge immediately of the C.R.A.-Kaiser iron ore project and that I shall be Managing Director of the key company which will be formed to handle it.

At present I am endeavouring to pick up the background here with a view to making an early visit to Western Australia which, however, has to wait until after our Board meetings next week.

My present plans, which I hope will not be subject to alteration, are to fly via Forrest to the Hamersley area in the Piaggio on Saturday and Sunday, 28th and 29th, accompanied by Haddon King, John Hohnen and probably one or two overseas specialists whom we expect to reach Australia about that time.

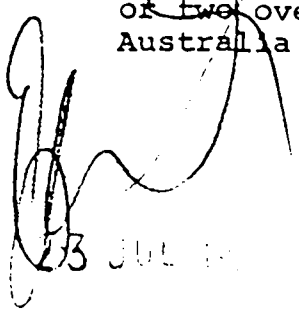

23 JUL 1962

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7

I expect to have no difficulty in filling in the week there and plan that we all fly down to Perth on Saturday, 4th August, our present plan being to return to Melbourne by scheduled airline on Wednesday, 8th August.

I have seen something but not all of the correspondence regarding the consolidated agreement, and this morning have discussed it with John Rodd, John Hohnen and Haddon King. I am keen that this consolidated agreement, which (as I see it) aims at putting together in one document everything relevant that remains from earlier formal agreements and also one or two points which I believe have since been agreed in discussions, should be completed without delay and I would think that this would not present any real difficulty.

10

It is planned that John Rodd will arrive in Perth on Sunday, 5th August, with a view to having some discussions with your legal man, and presumably also with your partner and perhaps yourself, on the Monday, for which discussions he will arrange the necessary appointment. I will have some other commitments that day but am looking forward to meeting you before I return on the Wednesday.

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I have noted from one of your letters that you are keen to meet my Chairman, Mr. Mawby, and certainly he and my other colleagues would be glad to see you and Mr. Wright. I do not know whether it would suit you, but Mr. Mawby will be in Melbourne most of the time in the next few weeks and I am happy to extend an invitation to you and Mr. Wright to visit us soon after my visit to Perth.

30

I am certainly looking forward very much to seeing
the Hamersley deposits.

Yours sincerely,



(F.S. Anderson)

D i r e c t o r .

EAW.BKC

July 20, 1962.

Dear John,

Further to conversations between John Hohnen and Lang we have now finalised with Hubert Staples to keep all day Monday, August 6, available for discussions with you and ourselves. To do this Hubert was kind enough to put off appointments that he had already made, so that we do hope there is no possibility of your not arriving, as indicated over the previous weekend.

By Tuesday's mail I hope to forward a reply to your letter of July 11. I have an appointment with Hubert for 10.30 that morning.

Kindest regards,

Ed Wright
Ed

J. Redd Esq.,
Rio Tinto,
408 Collins Street,
MELBOURNE.



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LGH.BRC

July 23, 1962.

F.S. Anderson Esq.,
Director,
Comsino Distinto of Australia Limited,
95 Collins Street,
MELBOURNE, C.I.

Dear Mr. Anderson,

Acknowledgment is made of your letter of July 19 containing an invitation to meet Mr. Mawby.

We wish to express our thanks and at the same time say that the arrangement suits us admirably.

My partner joins me in offering you congratulations on your appointment to the position of Managing Director of the joint enterprise.

Yours faithfully,

L.G. Hanceck



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C
O
P
Y

H.T. STABLES & CO.

HIS.MP

55 St. George's Terrace,
Perth, V.A.

24th July, 1962.

Messrs. Hancock and Wright,
609 Wellington Street,
PERTH.

Dear Sirs,

re Rio Tinto Southern Pty. Ltd.

My views as to the matters raised in Mr. Robinson's letter to you of the 11th instant are as follows :-

Clause 1.

The Ashburton Goldfield was expressly added by Clause 7 of the Agreement of the 9th April 1962 and was referred to in the heads of agreement dated the 16th January 1961. Moreover it is implicit in the letter from Mr. Robinson to Mr. Wright dated 28th December 1960 in which he refers to "2 1/2% of ore produced from claims made available to us as a result of staking by Lang during the current expedition wherever they may lie". There should therefore be no question as to the inclusion of the Ashburton Goldfield in this Agreement.

I do not consider that the wording inserted after "otherwise" goes beyond the intention of the original Agreements. I have already above referred to Mr. Robinson's remarks and I stress the words "made available to us as a result". I understand the position to be that the whole iron field within the three goldfields was introduced by Mr. Hancock by reason of his discovery and that any iron ore prospects which could be taken up within the three goldfields can properly be said to have become available as a result of Mr. Hancock's introduction. It is understood that the spirit of the arrangement from the beginning was based on the following matters :

1.

You were to receive payment on every ton of ore produced from ground either acquired from you or taken up (as a result of your introduction of the ground and Rio Tinto's association with you) whether by Rio Tinto or by any other person or corporation associated with Rio Tinto.

/2

EXHIBIT "45EAW2" - Bundle of correspondence

2. The value on which you were to be paid was the F.O.B. value of unrefined or untreated mineral on every ton so produced irrespective of whether Rio Tinto or any assignee or associate (or combination thereof respectively) produced it or for what purpose it was used.

It therefore seems proper that the additional wording inserted after "otherwise" should go in, so as to make quite clear what has always been the intention.

Clause 5.

I cannot see how the phrase "area covered by this Agreement" could extend to areas presently held by outside parties. It could only so extend if they were brought in by Rio Tinto by Option or otherwise. If they were then the areas should be included. These areas come within the words and intention of clause 12 of the original Agreement of the 11th September 1959 (which was extended to the Ashburton Goldfield by clause 7 of the Agreement of the 9th April 1961). My contentions under clause 1 apply equally to this clause. 10

Clause 6.

Apparently the only point in dispute between the parties in this clause is the phrase in subclause (c)(i) "in its opinion be fully satisfactory to it in all respects" which was amended in your draft to read "give to the purchaser satisfactory security of tenure and rights to mine". This is merely substituting an objective test for a subjective test. In other words the test of satisfaction which we propose is whether the ordinary reasonable and prudent person should be satisfied. Rio Tinto however desires to make itself the sole arbiter of what is satisfactory. In other words if they wish to be unreasonable they could (irrespective of the merits) repudiate liability for payment merely by saying "This is not fully satisfactory to us in all respects". Surely our proposed wording is sufficient security to them. It is in fact the kind of yardstick that the Courts invariably apply in a situation such as this. 20 30

Clause 7.

If they wish us to prepare the transfers there is no objection.

Clause 8.

The commencing words refer to commencing active preparations for the working..... The intention of our amendment to the proviso was to tie up the incurring of the expenditure referred to therein with "active preparations for working". My objection to the proposed further amendment mentioned in Mr. Hohnen's letter is that it could be argued to cover e.g. merely letter writing regarding possible treatment or transport or shipment arrangements. In other words I consider it weakens and therefore destroys the true intention. 40

/s



Clause 9.

I confess I do not understand precisely what is meant in Mr. Hehnen's letter. Surely the object of this Agreement is to set down once and for all the terms which the parties have agreed shall govern all their operations in the future i.e. to legislate in advance for all reasonable foreseeable factors.

The basis of the terms set out in our draft has already been accepted by Rio Tinto in the latest Barrett-Lennard Agreement and surely precisely the same principles apply in this Agreement. 10

Clause 10(a)

In conformity with my remarks under clauses 1 and 5 above I agree that the words "during the continuance of the said option" are not necessary.

Clause 10(d)

It is agreed this goes out.

Clause 11

It is correct that the reference to clause 5 should be to clause 6.

Clause 12

I would agree that the words "apply or" be inserted before "join" in the third line.

Clause 13

I do not know why this clause is not acceptable. It is an invariable term of an option agreement while the optionee is in possession and control of the premises. If it is not an express term of existing arrangements it must surely be an implied term. And if it is an implied term what objection is there to making it express. 20

Clause 15.

If it is desired to change the word "reserves" to the words "mining titles" I see no objection.

Clause 16

You have informed me that you do not know of any clause 15(b) of any agreement of the 21st October 1959. The reason why paragraph (b) was omitted was because my instructions were that you had no plant or machinery on the areas. 30

Clause 19

Under clause 19 of the Agreement of the 9th April 1961 it seems to be

implicit that Titles would be obtained. I understand that it was at that time accepted that the titles would be obtained quite soon. The principle underlying the clause has apparently been in the mind of the parties at all times as illustrated in the blue asbestos agreement. Clause 26 appears to have no point unless there are provisions in clause 19 somewhat as drafted. And see clause 4 of the Agreement of the 9th April 1961.

Clause 21

This is a matter for mutual arrangement. The word "bank" could be omitted in the second line of your draft if desired.

10

Clause 22

If the Agreement remained as drafted by Rio Tinto it would be possible for the purchaser to sublet or grant a license, or make some other kind of assurance or disposition which was not an assignment, without consent and without binding the third party to the observance of the provisions of this Agreement. For this reason we consider that your amendments are vital, and we do not see how they can prejudice Rio Tinto.

As to the words objected to in the proviso, these are words normally included in a proviso of this description, but could probably be left out without detriment, provided that clause 9 is accepted as in your draft.

20

Clause 25

The words "in writing beforehand" can be retained if Rio Tinto insists. You have however pointed out to me that hitherto the vast majority of authorisations have been verbal and in some instances have been after the event. It may be cumbersome to require writing in every case.

I return Rio Tinto's letter to you of the 11th instant and Mr. Hancock's letter to Mr. Hennen of the 14th instant.

30

Yours faithfully,

Sgd.

H. Stables

Encl.

EAV.BKC

July 25, 1962.

Dear John,

In reply to your letter of the 11th July I have now had an opportunity to have a discussion with Hubert Stables and enclose the original and a copy of a letter received from him today, which I think you will find self explanatory.

We look forward to your further comments in due course.

We also look forward to seeing you, Hadden King and Mr. Anderson in the near future.

Best regards,

Yours sincerely,



J. Holmes Esq.,
C/o Rio Tinto,
408 Collins Street,
MELBOURNE.

c.c. John Redd

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P

EAV.BKC

July 25, 1962.

Dear John,

Herewith copy of a letter with enclosure sent to John Hehnen by today's mail. The letter will be self explanatory.

A copy is sent to you just in case John Hehnen has left Melbourne before the original arrives.

Looking forward to seeing you in due course.

Best Regards,

Yours sincerely,

JW.

J. Redd Esq.,
C/o Rio Tinto,
408 Collins Street,
MELBOURNE.

EXHIBIT "45EAW2" - Bundle of correspondence

JOHN M RODD

COLLINS HOUSE
360 COLLINS STREET,
MELBOURNE, C.I

25th July, 1962.

E.A. Wright, Esq.,
Messrs. Hancock & Wright,
Box P 1209, G.P.O.,
P E R T H.

Dear Peter,

Many thanks for your letter of 20th July.

I do very much appreciate Hubert Staples having rearranged his programme and hope he has not been too much inconvenienced.

I am looking forward to seeing you and Laing again.

Kindest regards,

Yours sincerely,



30 JUL 1962

EXHIBIT "45EAW2" - Bundle of correspondence

EAW.BKC

August 8, 1962.

Dear Struan,

I was on the point of writing to you when I found that Lang had dictated a letter to my secretary, for the most part exactly on the same lines as I was thinking upon. I feel that I cannot do better than simply send it to you, because although it has a few minor inaccuracies in it, it reflects our thinking in general in a better way than I could express it; but I would like to add the following.

Yesterday you made it very clear that you thought we were trying to bring into the new agreement new matters that meant variation of the arrangement between us. Although I would have liked to have discussed this position with you at the time, it was obvious that it was not then opportune, if for no other reason than that the right words needed carefully choosing, and without more background than you have, any words except those exactly right would do more harm than good. But now at my comparative leisure I would like to try.

The basis of the arrangement between us is very clear in the minds of Hancock and Wright.

As we see it the position is :-

Up to the implementation of the variation now proposed we are entitled to 2% of the F.O.B. value as mined (i.e. unrefined) of any mineral produced from ground in the area defined, introduced to you either by us or by a third party during the period of the option and taken up by you at any time, and whether produced by you or an associate and either sold as mined or used in some process. By the variation proposed (to which we have agreed) this arrangement is now reduced to iron ore and blue asbestos only; and if you do not go on with the asbestos, will finally end up on iron ore only.

The agreements between us are attempts to express that arrangement as it was and as it has been modified from time to time, and we are aware that they are the legally binding contract; but we rely on the atmosphere of fairness that Val Duncan, John Hohman and ourselves have jointly built up (and to which you stated allegiance) to secure any changes in the written document that may be found necessary at any time.

/s

We do not seek to bring anything new into the discussion at all, but in the course of negotiations it was apparent that John Rodd and ourselves held different views on some of the clauses that were to be repeated - so that whether we liked it or not we could not avoid exploring those differences and endeavouring to reconcile them.

No matter how hard we try to prevent it, each new agreement seems to succeed in separating the deed from the spirit in one way or another, and I think the following illustration shows just how this happens.

Paragraph 11 on the first agreement contains the words ".....in respect of all minerals purchased by the purchaser from that title and sold or otherwise disposed of by the purchaser, an amount equal to 2½% of the amount received on sale or other disposal in unrefined and unmanufactured form....." At the time they were used these words meant to us and to Pat Robinson (and I think to John Rodd who produced them) just what we had arranged with Pat, namely that we would receive payment on all mineral produced in each case, but only on the F.O.B. value of the unprocessed or unrefined form. We know Pat's view of them was the same as ours, because he made it very clear and we accepted it that we were not entitled to any increase in our Royalty by virtue of any increase in value of the mineral because of treatment of it as against simple mining of it - yet as I understood John Rodd yesterday (I think it was) he very seriously questioned (no doubt in pursuance of what he thinks is his legal duty) as to whether we were entitled to any Royalty at all on mineral that was not sold as such but was treated in some way or manufactured into some other form. I simply did not follow his reasoning, but in view of it we would like to see new words used that left no possible doubt in anyone's mind.

Similarly with John's attitude to a licensee as against an assignee, we do not want to embarrass or restrict you in any way - merely to secure that we got Royalty from someone - and only one Royalty - but on every ton produced no matter by whom.

And again with the ore and the mining titles. With all due respect to John Hohnen's comment on Campana's geological contribution (which we agree is undoubtedly tremendous) there can be no doubt that we introduced Rio Tinto to the whole field.

This letter is not intended to further the negotiations on the proposed consolidating contract, and I will say no more on it. I simply wish to clear from your mind any idea that we set out to hold Rio Tinto to ransom, or to go beyond what was intended. Anything that has come up has done so in the natural course that events have taken.

I join with Lang in expressing my pleasure in having met you, but disappointment in not having had a detailed discussion with you. I look forward to hearing further from you in the near future as arranged with Lang.

Kindest regards,

Yours sincerely,

LGH.BKC

August 8, 1962.



Dear Struan,

We are very grateful for your assurance that C.R.A. has no intention of rebbing us in any way. This assurance runs parallel to the feeling that Mr. Duncan always inspires in us. The foundation of our security, we feel, lies in the recognition of the fact that there is meant to be no cut-off point whatsoever in our Royalty. The bigger the oyster that we put on your plate, the bigger your profits are and the bigger moral obligation there is on your Company to see that Hancock and Wright are not by-passed in any way for their percentage of the oyster which they have passed to you. I feel that you have the belief that we are seeking to add something to the series of arrangements that we have made with Rio Tinto. I don't consider this to be exactly the case. Our aim is to see that nothing is taken away from us as originally understood between the parties.

Not through any merit on our part in any way, but simply by virtue of the fundamental fairness of this principle, we have won this argument of no cut-off point against Rio Tinto, Union Carbide and others right at the outset of our dealings. We expect you to maintain such a fair principle and not be a party to any agreement which seeks at any time in any way to depart from this principle. We have a feeling from your remark at the Esplanade yesterday that due to your late coming into association with us your background information is based on a false footing, and we would therefore hasten to place on record what we feel is the fundamental basis, namely :-

1. We ~~did not~~ want payment for anything except on mineral found in ground acquired either from us or as a result of Rio Tinto's association with us.
2. We do want payment on every ton produced under para 1. with nothing left out.
3. It was always agreed that the value on which we were to be paid was the F.O.B. value of "unrefined or untreated mineral", but it was to be on every ton produced under para 1. irrespective of whether Rio Tinto or an associate or assignee produced it or for what purpose it was used.

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EXHIBIT "45EAW2" - Bundle of correspondence

As well as making certain that there is no small hole in the agreement that could be enlarged into something resulting in Hancock and Wright receiving either no Royalty at all or a much reduced Royalty, didn't you think it ill-advised to continue a set of conditions that could possibly force Hancock and Wright, for the sake of their protection, into competition with C.R.A. in the field. As you are no doubt aware, technical men don't find mines, so that any competition in prospecting must undoubtedly favour the group with local knowledge and experience. Why deliberately force it on yourselves? If you so desire we can give you an illustration or two of just how this position has worked to our mutual detriment. Arising from a very nice gesture on the part of John Hehnen, of which Mr. Duncan approved, to pay us last April £20,000 there and then as an advance against our Royalty, we were by way of thanks for this gesture willing to free Rio Tinto from their obligation to pay us 2½% on all minerals for all time from the total area encompassed within our arrangement with Pat Robinson. (There was no written obligation to pay this £20,000 to us, although one of our many contracts did fix a date for payment by June 30). We have kept our side of the bargain and have not quibbled about dropping this dragnet clause when requested to do so by Rio Tinto. Have Rio Tinto kept to their bargain? It will have been at least six months by the time we meet again on this subject from the time of the promise, yet we still haven't got the use of this money. As the agreement stands at the moment it is all embracing beyond the question of iron, which is your sphere under your new appointment.

We must record here that we are not in any way in agreement with your thinking in connection with the West Australian Government. You may be right about other Governments in other parts of Australia and of the world, but we must disagree with your line of thought as expressed to us, which in our opinion roughly reflects Charlie Court's propaganda. Every moment of delay is simply raising the price that C.R.A. will have to pay to get the required titles, and Hancock and Wright's fear is that this price can be raised so high that the whole undertaking becomes impossible to get off the ground, with the result that our stake and equity fly out the window. As we see it and as I am sure the Kaiser people see it, this is a simple, straight forward, open-cut, large scale mining operation with few or no problems of a major nature; and we believe there is nothing, repeat nothing, to prevent an immediate written approach on the lines of the Duncan Plan to secure titles forthwith, under a contract that could be arranged to give you ample protection in any direction in which you felt you needed time to make specific decisions - as in the case of the many precedents.

My partner and I were very glad to meet you and whilst we had no opportunity of a private discussion with you, we feel that we can look forward to a happy association until after the titles are granted, at which point our active participation in the partnership ends. In the meantime we are enclosing a copy of Clause 27 in case it has not been brought to your notice.

/s

Kindest regards and every success in your new position.

Yours sincerely,

L.G. Hancock
R.H.

L.G. HANCOCK

F.S. Anderson Esq.,
C/o Consino Pty. Limited,
95 Collins Street,
MELBOURNE.

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Clause 27.

Each of the parties hereto will at all times give full opportunity to the others for consultation before making any approaches to or in any way conferring (with regard to any matter relating directly or indirectly to the subject matter of this Agreement) with the Government of Western Australia or any representative or officer thereof or with the Government of the Commonwealth of Australia or any representative or officer thereof and none of the parties hereto will in any way be entitled to nor will attempt to bind any of the others in any manner in relation to any such Government or any other third party PROVIDED ALWAYS that the terms of any agreement or arrangement which may be reached between the Purchaser and either of such Governments shall be for ultimate decision by the Purchaser and the Government concerned AND PROVIDED FURTHER that the provisions of this Clause shall not operate after the said option has been exercised.



CONZINC RIOTINTO OF AUSTRALIA LIMITED
95 COLLINS STREET, MELBOURNE, C.1

G.P.O. BOX 384D

TELEPHONE 63-0491

TELEGRAMS 'CONRIO'

TELEX 169 A 10A

1st October, 1962.

Messrs. Hancock and Wright,
609 Wellington Street,
PERTH,
Western Australia.

Dear Lang and Peter,

I am looking forward to seeing you both on Friday.

We all know that agreements have to be spelled out in black and white and know you, Lang, have expressed the view that you would like to see a short and simple agreement. The background to the agreement we are now trying to conclude is an unusual one and this, coupled with the need to see that the interests of both parties are suitably protected, necessarily precludes any possibility of anything really brief.

Since you were last here, we have made a strenuous effort to produce a draft which is based on the talks when you and Peter were here last and which, I like to think, is admirably fair. A copy is attached: it contains as many concessions as I feel we can make. It is substantially shorter and less complex than our present contract documents.

EXHIBIT "45EAW2" - Bundle of correspondence

You will note that Clause 14 introduces what might be termed a "force majeure" provision. You have told me of your respect for the outlook and judgment of Val Duncan and I think you should know that he has ruled that we must be protected against possible delays in coming into production by virtue of delays in reaching satisfactory contracts with consumers or in raising necessary finance. It is also necessary that we clearly record a position which could arise from our inability to obtain satisfactory title, and from the effects of such things as strikes and so on.

10

While we believe today that sound engineering planning and accurate overall economic evaluations will go ahead rapidly and provide the very accurate predictions of capital and production costs which one must have before attempting to make specific deals in respect of markets and finance, and while we also believe that we shall in fact make such deals as well and as early as anybody could, both Val and I have been in this game long enough to know that there sometimes can be delays. We are not predicting them but, as Val has laid down, we must have some safeguard in case they do occur.

20

I would like to mention that we have in mind forming soon a new company for our iron ore operations which would have a more appropriate name than Rio Tinto Southern Pty. Ltd. If the formalities in this regard are completed in time I would then suggest that the sale be made direct from you to that company. At the same time Rio Tinto Southern Pty. Ltd. would transfer its interests in the areas to the new company which would enter into direct with you all necessary undertakings as purchaser.

30

Comparing the attached draft with the agreements which now govern our contractual relations, it is ever so

much more favourable to you, and I like to think that a brief meeting on Friday will immediately lead to a deal, on the lines now proposed, which the passage of time will prove to be a first class one for all concerned.

Yours sincerely,

(M. Mawby)

Encl.

Copy handwritten
letter posted Sunday

October 7, 1962.

Dear Maurie,

Both Lang and I are grateful to you for having made the time available to fix at long last the contract between us in a form more acceptable, we hope, to both sides.

From John Rodd's declamation at the beginning of our discussion on Friday, you will have formed your own opinion as to how impossible it would have been to reach agreement without your presence - or at least without Struan's.

Stables has told me that Rodd and he finished off satisfactorily the formal wording left with them, so that now there is only the new clause relative to your new company to be drafted.

Lang is at present in Sydney, but is returning through Melbourne on Tuesday; he is calling on Haddon King. Presumably the new clause will be straight forward and take little time. Do you think it would be possible for at least a first typing of the completed contract to be handed to Lang, - left to John Rodd it could be weeks before we hear of it again. I hate to press you, but that is the position.

We are also both grateful to you for promising to come to West ern Australia within a month, and look forward very much to your arrival. Meantime, thanks again for your co-operation and best regards from us both.

Sincerely yours,

PW.

M. Mawby Esq.,
Comsino Riofinto of Aust. Ltd.,
95 Collins Street,
MELBOURNE.

EAW.BKC

October 8, 1962.

Dear John,

As arranged herewith letter from the Mines Department and specimen Transfer form, both of which we have now copied.

Stables told me on Friday that you and he had agreed on the balance of the formal wording, leaving now only the new clause relative to the new company to be formed to be drafted.

Lang is still in the East and will be in Conzino's office on Tuesday. We are both hoping that you can hand him at least a first typing of the completed contract to bring back with him. Thanks in anticipation.

Cheers for now. Regards,

Yours sincerely,



John Rodd Esq.,
C/o Conzino Riccinto of Aust. Ltd.,
95 Collins Street,
MELBOURNE.



EXHIBIT "45EAW2" - Bundle of correspondence

1892

JOHN M. ROOD.

COLLINS HOUSE
360 COLLINS STREET,
MELBOURNE, C.I

10th October, 1962.

Peter Wright, Esq.,
Messrs. Hancock & Wright,
609 Wellington Street,
PERTH.

Dear Peter,

Thank you for your letter of 8th October and enclosures.

I have written to Mr. Stables today enclosing copies of the final draft.

I appreciate your having supplied me with the Mining Act forms and am asking Mr. George Wright to settle these documents.

Kind regards.

Yours sincerely,

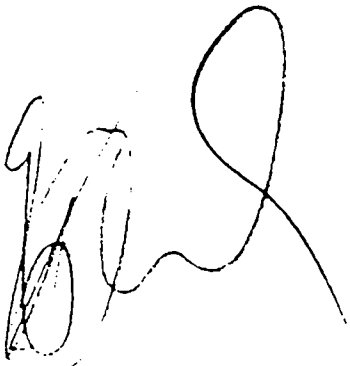
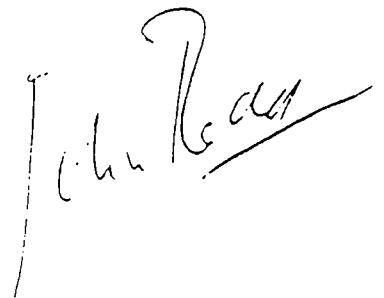


EXHIBIT "45EAW2" - Bundle of correspondence

LGH.BKC

October 15, 1962.

Dear Maurie,

At our meeting in Melbourne on October 5, 1962 -

- (1) Eight people agreed that we had reached final agreement.
- (2) There was some minor drafting to be tidied up between our respective Solicitors, which did not in any way effect the substance of the agreement.
- (3) We agreed that there was to be a clause naming and describing your substitute company.

It was very pleasing to me to hear from Hubert Stables that all the wording had been agreed upon and completed before Hubert left Melbourne, that is except for the new company clause.

You can imagine my surprise on since being told that the agreement, as now sent to our Solicitor, is not in accordance with Items 1 and 2 above; but that in fact the wording has been altered in several ways, including by the omission of the words "or assignee with the vendors" which should follow the words "binding such buyer" in Clause 16 of the agreed draft (Clause 18 of the substituted draft)

Now I do not propose to read the agreement until the wording is put back to the agreed wording, and would therefore request that you send us a draft exactly as agreed to (with the exception, of course, of the clause covering your company). I think you must agree that this is the only way that we can stop these endless arguments.

I don't think it matters two hoots whether the proposed alterations to the wording favour Hancock and Wright or C.R.A., or is to our mutual benefit; the plain fact of the matter is that the words have been altered, which is not in accordance with our arrangement, and this is the point that counts. It may be a reflection on all of us that it does count, nevertheless, I think you must agree that if we are ever to execute the document, it would be very unwise

EXHIBIT "45EAW2" - Bundle of correspondence

to allow any scope for argument to enter the field from either side.

Whilst our partnership in the iron is with Rio Tinto we are perfectly willing for you to substitute your new company provided we are protected along the way. If you are not ready for this company, we did express our willingness to sign the transfers in blank if you wish, and to complete the declaration which we have to make, and hand them all to you so that you could lodge them at will.

I can't help feeling that an overriding protective clause, as requested in my letter of October 2, 1962, or a clause expressing the spirit of the partnership in general terms, would have done a lot to help matters along. Apart from the fact that it would have cost C.R.A. nothing to grant it, I feel that it could have had a good effect on the W.A. Government and Parliament. The fact that the "financial octopus" has gone out of its way to add a special clause protecting the discoverer would sound well in Parliamentary debates. 10

With kind regards,

Yours sincerely,



LANG HANCOCK

M. Mawby Esq.,
Comsinc RioTinto of Aust. Ltd.
95 Collins Street,
MELBOURNE.

EXHIBIT "45EAW2" - Bundle of correspondence



CONZINC RIOTINTO OF AUSTRALIA LIMITED
95 COLLINS STREET, MELBOURNE, C.1

G.P.O. BOX 384D
TELEPHONE 83-0491
TELEGRAMS 'CONRIO'
TELEX 169 & 108

22nd October 1962

L.G. Hancock Esq.,
Messrs. Hancock & Wright,
Box P.1209 G. P. O.,
Perth,
W. A.

Cupper Lang

Dear Lang,

I refer to your letter of 15th October.

For you to say that we had reached final agreement on 5th October is an over-simplification of the position. The situation by the end of that day was that we appeared to have reached agreement on all matters of principle, and almost all of the detailed drafting had been completed and agreed. There was not time to agree in detail the provisions necessary to bring in Hamersley Iron Pty. Ltd. as the Purchaser, although the general pattern of what was intended was outlined by Mr. Rodd to Mr. Stables. Incidentally, this company has been incorporated and is in a position to take transfers of the Temporary Reserves at any time.

It was made quite clear in answer to a question by you at the conference that we could not regard ourselves as having reached a new legally binding agreement until the document had been prepared in final form and executed.

In the course of preparing the final draft the need to make some alterations of a drafting nature became apparent, and I feel certain that if you take the time and trouble to go through these carefully with your solicitor you will find them unobjectionable. I know that you are

.../2

EXHIBIT "45EAW2" - Bundle of correspondence

just as anxious as we are to ensure that the final document does not leave any room for argument in the future. All these alterations are fully explained in a letter written on 10th October to your solicitors by Messrs. Arthur Robinson & Co.

I feel it is for your solicitors to let Arthur Robinson & Co. know precisely how you feel the final draft of 10th October differs in any material way from the point we had reached in our discussions. You mention the need to insert the words "or assignee with the Vendors" in Clause 18 after "binding such buyer". I am told there is no objection to the insertion of these words.

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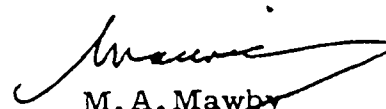
If we can't get this resolved by correspondence then we will have to meet again, but I think that would be undesirable, until you have stated through your solicitors exactly what are your objections to the draft of 10th October, 1962.

The proposed new arrangements are substantially more favourable to you than the existing agreement and I would hope that you would realise it is in your best interests to co-operate in assisting to reach finality.

20

You should appreciate that I have done all I can personally to help towards reaching a mutually satisfactory agreement. Settlement of the final document is something which can only be done through our respective lawyers. If there is any outstanding point of principle I will naturally be prepared to assist by making a decision. So far, however, you have not demonstrated to me that there is anything of this nature to be resolved.

Yours sincerely,


M.A. Mawby
Chairman

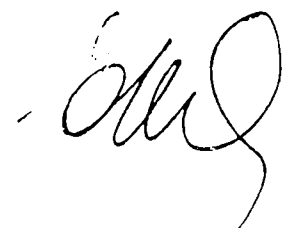


EXHIBIT "45EAW2" - Bundle of correspondence

LGH.BKC

October 26, 1962.

Dear Maurice,

The conclusion that one draws from reading your letter of October 22 is that your own people seem to have failed to inform you that the final wording (apart from your new company clause) had already been agreed upon between our respective solicitors in Melbourne.

Agreed

So that there can be no doubt as to what that agreed wording is, we have typed out the complete agreement using that wording and supported it with a certificate.

We feel that a certificate by Mr. Stables would be above question.

Not Agreed

The one remaining question that was not resolved, either by the eight people in conference or by our two solicitors afterwards, was the question of your desire to assign our agreement to Hamersley Iron & Steel Pty. Ltd. We told you in Melbourne that we are quite happy to permit you to substitute your new company as purchaser, provided always we cannot lose by it, and that, of course, is why we have included in the new clause an obligation on C.N.A. to protect us. This, you will remember, was suggested by Mr. Stables in Melbourne as a necessary condition. For your consideration we have therefore typed our idea of the necessary clause and have underlined it in red to distinguish it from the agreed wording.

The enclosed document in its present form we feel meets with the requirement of the second paragraph of page 2 of your letter.

Solution

As evidence of our good faith and willingness to 'co-operate in assisting to reach finality' we have signed the enclosed document.

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EXHIBIT "45EAW2" - Bundle of correspondence

We appeal to you to keep negotiations on a principal to principal basis and thus preclude any long winded and ambiguous re-hashing of matters that have already been agreed upon. We have just about got to the post Maurice, why go backward?

Kindest regards,

Yours sincerely,

L.G. HANCOCK

M. Mawby Esq.,
Cannino Rinfinto of Aust. Pty. Ltd.,
95 Collins Street,
MELBOURNE.

EXHIBIT "45EAW2" - Bundle of correspondence



CONZINC RIOTINTO OF AUSTRALIA LIMITED
95 COLLINS STREET, MELBOURNE, C.1

G.P.O. BOX 184D

TELEPHONE 83-0491

TELEGRAMS 'CONRIO'

TELEX 189 & 108

117

30th October, 1962

L. G. Hancock, Esq.
Messrs. Hancock and Wright,
G.P.O. Box P.1200
PERTH, W.A.

Dear Lang,

I refer to your letter of 26th October.

Frankly, I am surprised and a little disappointed at the action you have taken.

The document you have submitted is incomplete and not acceptable for a number of reasons. I do not intend to go into these as I regard them as essentially matters to be resolved between Messrs. Arthur Robinson & Co. and Messrs. H. T. Stables & Co.

The necessary instructions have been given to Messrs. Arthur Robinson & Co. who will be writing to your solicitors today.

I am hopeful that you and Peter Wright will feel able to instruct your solicitors to co-operate with ours in working towards a mutually satisfactory document. With that co-operation made available, we should be able to reach agreement on all essential aspects. If it is not to be made available, then there would appear to be no alternative than to rest on our present contractual arrangements.

With kind regards,

Yours sincerely,

Maurice Mawby
(M. Mawby)
Chairman.

1 - NOV 1962



EXHIBIT "45EAW2" - Bundle of correspondence

Arthur Robinson & Co.

30th October, 1962.

Messrs. H.T. Stables & Co.
Solicitors,
55 St. George's Terrace,
PERTH.

Dear Sirs,

RE: HAMERSLEY IRON

We have your letter of 26th October.

A copy of Mr. L.G. Hancock's letter of the same date to Mr. M.A. Mawby has been provided to us, as also the documents enclosed with that letter.

A copy of a letter which Mr. Mawby has written to Mr. Hancock today is enclosed.

Our instructions are that we are to attempt to resolve through your firm all outstanding difficulties in connection with the proposed new agreement and we hope that you are able to obtain instructions which will permit you to co-operate with us in this regard. If you are not able to obtain these instructions we would appreciate your letting us know as promptly as possible. 10

The position at present is that your clients have submitted direct to Mr. Mawby a document which purports to be a form of agreement but which is wholly deficient in the four schedules to which it refers. Apart from this aspect, the document was prepared without apparently giving adequate consideration to the matters raised in our letter of 10th October. As a result it is incorrect in a number of respects. 20

The position on 5th October 1962 was that the terms of a draft document had been discussed and agreed in principle but there was not on that day sufficient time in which to draft and agree the necessary schedules, nor to carry out the detailed task of checking through the document to ensure that all consequential or otherwise obviously necessary alterations had been made.

Moreover, it was clearly made a condition of the proposed arrangements that Hamersley Iron Pty. Ltd. should be included as the purchaser from both Rio Tinto Southern Pty. Ltd. and your clients. This had already been mentioned 30

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in Mr. Mawby's letter of 1st October to Mr. Hancock and was agreed in principle at the conference. There was not, as you will recollect, time to settle the precise terms on which this would be arranged as you had to leave to catch an aircraft to Perth. Mr. Rodd outlined to you the general nature of the proposals and in fact produced a preliminary draft of a form of agreement and it was agreed that he should incorporate appropriate provisions in a final draft to be sent to you in Perth for your consideration and comment.

Nor was there time to prepare and agree the wording of the necessary schedules to the agreement which were included in our draft of 10th October. 10

We feel we should also remind you of a question asked by Mr. Hancock towards the end of the conference to the effect that could the parties now be regarded as having reached final agreement. He was answered by Mr. Rodd who said that this position would not be reached until a final agreed document had been prepared and executed by all the parties. This position has not yet been reached.

We have gone into the recent history of this matter at some length because we feel it is important that both you and your clients should appreciate the background against which certain alterations were proposed to the draft agreement, these being the alterations referred to in detail in our letter of 10th October. It has never been the intention of our client and, we would hope, it is not the intention of yours to enter into any form of agreement containing any obvious deficiency or erroneous wording. It is considered that all these alterations are both reasonable and necessary. Incidentally, your telegram sent direct to Mr. Mawby yesterday (without advice to us) appears to proceed on a misapprehension. Mr. Rodd in his telephone conversation with you last week was not referring to the proviso to Clause 11 (Clause 13 20 of our draft of 10th October 1962) and was naturally unaware of the fact that it was being omitted from the engrossments only received in Melbourne yesterday. He was referring to the amendments necessary to ensure that double royalty would not be payable in respect of the Barrett-Lennard deposit. 30

We would appreciate your giving detailed consideration to the points raised in our letter of 10th October and letting us have your comments. It is realized that there is one particular matter which may require further discussion, namely, the manner in which Hamersley Iron Pty. Ltd. is to become the purchaser. You mentioned over the telephone last week that you felt some difficulty in that our draft made the two sales interdependent. Our client has instructed us that it would be agreeable to the insertion of a provision to the effect that if for any reason the sale from Rio Tinto Southern Pty. Ltd. could not be completed by the due time for completion of the sale from your clients, then Rio Tinto Southern Pty. Ltd. would complete the purchase from your clients. If this principle is accepted then we will submit a draft provision for your consideration. 40

So far as Clause 22 of the engrossment prepared by your firm is concerned, our instructions are that Consino Rietinto of Australia Limited is not to be included as a guarantor. Towards the end of the conference of 5th October you mentioned in general terms that some form of guarantee might be sought. It is not, however, the general policy of the C.R.A. organization to give a 50

guarantee in a case where a separate company is set up to carry out a particular long term operation. The subsidiary company will, of course, be supported by the parent organisation, but in such a way that it will be able to function as a separate entity. Moreover, it is the fact that your clients will have equally as effective protection in contracting with Hamersley Iron Pty. Ltd. as with Rio Tinto Southern Pty. Ltd. However, if required, our client is agreeable that Rio Tinto Southern Pty. Ltd. should guarantee payment of the purchase consideration of £60,000.

The engagements forwarded by Mr. Hancock with his letter of 26th October to Mr. Mawby are returned herewith.

We await your comments.

Yours faithfully,

EAW .BKC

November 8, 1962.

Dear Struan,

Welcome back. Lang joins with me in hoping that you are now fully recovered and "rearin' to go".

No doubt by now you have heard the sorry story of our inability to reach contractual agreement in spite of the finality that we thought we had reached when you were with us in Melbourne. In our naivety ignorance or what have you both Lang and I thought, and still think, that what was intended was simply a re-write of the words that we agreed upon in their exact form, subject to any variations in phrasing needed for sequential drafting purposes which particular job we thought had been attended to by Hubert and John before Hubert left Melbourne, and subject to the insertion of one new clause to cover permission for the substitution of your new company as purchaser to save you stamp duty. 10

You will have some idea of our surprise and disappointment when the new version submitted by John Rodd was found to contain four variations in principle, and in our view a very involved method of inclusion of a right to you to substitute.

As you are aware we have found it impossible to negotiate with Rodd; and in the light of the circumstances as they are this is understandable simply because he has no power to concede but complete power to accept any concessions by us. Hence it is a matter of one way traffic; we cannot possibly gain anything but every time we talk we are likely to lose something. This position has acted against us so consistently that we simply have to avoid it. 20

In an attempt to bring the matter to finality, simply and in our view in the proper way, we arranged with Stables to engross an agreement in the words agreed upon in Melbourne plus a clause in its simplest possible form, but quite complete we believe, to enable you to substitute Hamersley Iron. This document was executed by Lang and me and forwarded to Maurie. In course of time it came back from Rodd with a long letter, the guts of which was in his own words referring to our document "is wholly deficient in the four schedules to which it refers. Apart from this aspect the document was prepared without apparently giving adequate consideration to the matters raised in our letter of 10th October. As a result it is incorrect in a number of respects." 30

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EXHIBIT "45EAW2" - Bundle of correspondence

We regard his reference to deficiency in the four schedules simply as hair splitting, because there has never been any doubt as to our agreement on the schedules, and it was only a matter of their mechanical checking and inclusion. As far as we can see all but one of the other matters raised relate to matters outside the arrangements made in Melbourne, and to that extent we are not concerned; but there was one way in which our document was deficient and that is in regard to provision against possible double royalty. This was an oversight - see note attached.

Now in a further attempt to finalise the matter completely fairly and reasonably and in strict accordance with every principle that has been agreed upon, we are enclosing a new document which we have signed and which we think covers completely every demand that can properly be made including those that are relative in John's letter of the 10th.

In his letter of October 30 to Hubert Stables, returning our document, John Rodd makes various claims and statements. We think it pointless to discuss them but merely remark in passing that in our view quite a number of them are simply not in accordance with the facts.

You will note that in our document we provide for guarantee by C.R.A. If you desire to discuss this particular point with us we are happy to do so, but feel that in the meantime you should consider the following points.

Our dealings originally were with the Rio Tinto Mining Company. When it came to a matter of signing an agreement Pat Robinson explained that it would suit the company to execute the agreement in the name of Rio Tinto Management Services, which was a wholly owned subsidiary and which was backed to the full by the principal company. At a later date Pat explained to us that Rio Tinto Southern Pty. Ltd. was being formed to take over the whole of the mining interests in the southern hemisphere and would become the principle company. We therefore raised no objections to the substitution of Rio Tinto Southern Pty. Ltd. for Rio Tinto Management Services - a substitution for a substitution! Now it is suggested that the operative company be termed Hamersley Iron Pty. Ltd. with a nominal capital of £500,000 and with apparently the intention of operating the iron project alone. Obviously this company to date has no substance. Just as obviously, now that Rio Tinto Southern Pty. Ltd. has been substituted for by Consine Riotinto of Aust. Ltd., R.T.S. will have no substance either. Is it unfair that we should ask for a guarantee by the one company that is the heart of the whole concern, and is in fact the true successor of Rio Tinto Mining Company? You will remember that we readily agreed to a substitution, but it was on condition that we could not lose by it and the matter of guarantee was mentioned at the time.

Sorry we have put such problems on your plate on your immediate return, but it seems that all sides are looking to you to bring the matter to finality.

Lang joins me in sending his kindest regards,

Yours sincerely,

P.W.

EXHIBIT "45EAW2" - Bundle of correspondence

P.S. You will note that in this document, which is certified as being correct by Stables, the only departures from the words written in Melbourne are underlined in red.

Explanation re Omission to Protect Against Double Royalty

The omission of the provision to avoid possible duplication of royalty was due to the fact that this matter was not arranged at our meeting in Melbourne, but in the course of a final conversation with Mr. Stables (as the position was explained to us by Mr. Stables) Rodd simply said, "in regard to para. 11 you would not object if I added words to ensure that royalty was not payable under this clause, and also under clause 6." At the time Hubert was engrossing the document for signature by us this matter was overlooked. In John's letter of the 10th October he also raised the question of double royalty in connection with para. 12. Hubert is quite certain that in the discussion this point was not raised at all. Nevertheless, we are happy to extend protection against double royalty in this case also because of the obvious fairness of doing so.

LGH.BKC

November 30, 1962.

Dear Maurice,

We understand that Struan is in Japan. We have had a letter from him dated November 15, 1962. We are disappointed to receive such a letter, not only because it shows a lack of appreciation of the true facts, but also because it shows a failure to understand the background of our partnership with Rio Tinto. Surely Maurice you must raise a smile over Struan's third paragraph, saying that C.R.A. won't sign the agreement that we have signed. This agreement that your Company won't sign is, with the exception of one clause, Redd's own wording after he had finalized with Stables. The one clause in question is for your benefit only; it grants you a concession. As far as I know this concession is the only wording that Hancock and Wright have inserted. We are quite happy to do without the clause, but if you insist on having this concession, must it be at our expense?

At present the Temporary Reserves are held jointly between us, supported by such financial backing as follows :

Let me quote from Rio Tinto May 9, 1961.

"Financial Support

The financial resources of the Rio Tinto Mining Company of Aust. Ltd. (of which Rio Tinto Southern Pty. Ltd. is a wholly owned subsidiary) are available to support the proposed exploration programme. A copy of the latest Balance Sheet of the Rio Tinto Mining Company of Aust. Ltd. is being provided with this application. Included among the assets of that company are 51% of the total issued ordinary stock and 100% of the total issued preference stock of Mary Kathleen Uranium Limited (the total net assets of that company including its ordinary stock holding in Mary Kathleen Uranium Limited at the current stock market figure of 27/-) amount to £7,673,000. The application by Rio Tinto Southern Pty. Ltd., which is the exploration subsidiary of Rio Tinto Mining Company of Aust. Ltd. has the full backing of its parent company and this application is



EXHIBIT "45EAW2" - Bundle of Correspondence

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accompanied by a letter from that company undertaking to give any required guarantee of its subsidiary. The Rio Tinto Mining Company of Aust. Ltd. is in the unique position of being able to call, through its parent organisations overseas, on very substantial capital resources."

Is it fair of C.R.A. therefore to ask us to relinquish our titles for less security than we already have?

Honestly, I just can't understand the setup. Nevertheless, to prove our co-operation once again we have now acceded to John Redd's request and have instructed our Lawyer to confer with him as a solicitor, resting on Struan's assurance that they will pursue only matters of legal drafting. 10

We have noted the threat contained in Struan's letter. Why he should make it to us when we have already signed every mortal thing that the sight of us agreed to, seems ludicrous in the extreme.

I think you might be labouring under a misapprehension Maurice, in believing that the new document is infinitely more favourable to us than to yourselves. Perhaps you haven't read the old one properly.

Perhaps it might serve some useful purpose also if you were to reflect upon the fact that whilst your people regard us as difficult, you are the only ones who have so far failed to finalise an agreement with us. We had no great difficulty in dealing with Pat Robinson, and even less with Mr. Duncan; whilst such overseas firms as Klingers and Union Carbide, etc., not to mention some quite smart cookies in Australia all have concluded agreements with us and are I think without exception quite willing to deal with us again. On the face of it it does seem illogical to believe that the fault must lie exclusively with us; so perhaps you would care to give a little reflection to the above and look a little nearer home with a view to cleaning up this matter promptly. 20

Kindest regards,

Yours sincerely,

M. Hawby Esq.,
Conginc RioTinto of Aust. Ltd.,
95 Collins Street,
MELBOURNE.

EXHIBIT "45EAW2" - Bundle of correspondence

COPY

COMMONWEALTH OF AUSTRALIA LIMITED

95 Collins Street, Melbourne, C.1.

7th December 1962.

Personal

Lang Hancock Esq.,
Hancock and Wright,
609 Wellington Street,
PERTH.

Dear Lang,

I have your letter of 30th November and note your comments.

I am pleased to know that you have agreed for your Solicitor to meet John Rodd and I believe they are at present in conference, from which I hope will emerge a complete understanding between us.

Struan has returned from Japan and you are fully aware of the 'flutterings' caused because of our indication of a price for Hamersley ore. I can assure you that this was quite realistic and that we are doing everything possible to ensure the earliest granting of the areas and the operation of the deposits. I do not intend to enter into arguments or correspondence regarding your and Peter's agreement and, as I stated when I first met you, I sincerely trust that you will be convinced of our sincerity and best endeavours to accept the spirit of the original agreement, with no desires to do other than the right thing by you both. I am sure that we cannot be accused of standing still in our promise to you to expedite the whole programme and I am sure that both you and Peter can be much happier and more at peace in your minds if you accept our undertakings. Our record in Australia should be sufficient proof of our fairness and sincerity.

Kindest regards,

Yours sincerely,

(M. Hawby)

EXHIBIT "45EAW2" - Bundle of correspondence

JACKSON, McDONALD & CO.
SOLICITORS AND NOTARIES

STANLEY BERTRAM CONNOR
THEODORE ROSSLYN AMBROSE
GEORGE DUNDAS WRIGHT
MICHAEL NASH
IAN KEITH WARNER

PLEASE QUOTE:
YOUR REF
OUR REF GDW/IP

C.M.L. BUILDING
55 ST. GEORGE'S TERRACE
PERTH, WESTERN AUSTRALIA

TELEPHONES 23 2751, 23 2489
CABLES AND TELEGRAMS "ARBITER"

22nd August, 1963

Mr. E.A.M. Wright,
609 Wellington Street,
PERTH.

Dear Peter,

RIO TINTO SOUTHERN and HAMERSLEY IRON
PTY. LTD.

In the tidying up of a few outstanding minor details, John Rodd has asked me to get yourself and Lang to initial the various alterations which were made at the last minute to one copy of the Agreement of the 12th December 1962.

I enclose the copy in question and would appreciate it if you and Lang could initial the alteration in the first line in Clause 10 on Page 8, in the third and twelfth lines on Page 11, in Clause 15 in the eleventh line on Page 12 and in the fifth line in Clause 23 on Page 18.

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Would you kindly return the copy to me in due course.

Yours sincerely,



Encls.



26 AUG 1963

EXHIBIT "45EAW2" - Bundle of correspondence

see insert
AN AGREEMENT dated

1962

and made between LANGLEY GEORGE HANCOCK, ERNEST ARCHIBALD
MAYNARD WRIGHT and WRIGHT PROSPECTING PTY.LIMITED all of 609
Wellington Street Perth Western Australia and HANCOCK
PROSPECTING PTY. LIMITED of 150 Victoria Avenue Dalkeith
Western Australia (hereinafter together called "the Vendors")
of the one part and RIO TINTO SOUTHERN PTY.LIMITED of 408
Collins Street Melbourne Victoria (hereinafter called "the
Purchaser") of the other part

WHEREAS

- A. By an Agreement dated 11th September 1959 (hereinafter
called "the First Agreement") made between the Vendors
of the one part and Rio Tinto Management Services
(Australia) Pty.Limited (hereinafter called "R.T.M.S.")
of the other part the Vendors granted to R.T.M.S. the sole
and exclusive option to acquire certain mining titles
referred to in the First Agreement on the terms set out
in that Agreement;
- B. By an Agreement dated 1st December 1959 (hereinafter
called "the Second Agreement") made between the Vendors
of the one part and R.T.M.S. of the other part the First
Agreement was amended in various respects;
- C. Prior to 9th April 1961 R.T.M.S. had assigned its rights
and obligations under the First and Second Agreements to
the Purchaser;
- D. By an Agreement dated 9th April 1961 (hereinafter called
"the third Agreement") made between the Vendors of the
first part, R.T.M.S. of the second part and the Purchaser
of the third part certain matters were recorded and
certain other matters were agreed;
- E. In the circumstances as they exist at the date of this
Agreement the parties have agreed to consolidate and
amend the First, Second and Third Agreements and to
enter into this new Agreement and a further new Agree-
ment of even date with this Agreement relating only to

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blue asbestos (hereinafter called "the Blue Asbestos Agreement") to replace the First Second and Third Agreements as from the date of this Agreement.

F. The Western Australian Government has issued to the said Wright Prospecting Pty.Ltd. Hancock Prospecting Pty.Limited and the Purchaser jointly the Temporary Reserves for Iron Ore listed in the Schedule to this Agreement, those in the First Part thereof for the term of two years from 19th July 1961 and those in the Second Part thereof for the term of two years from 1st April 1962.

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G. It is recorded that the Purchaser has made the following payments to the Vendors : -

By the terms of the First Agreement -

under Clause 4 (a) in July 1959	£2,000
under Clause 6 (a) on 30th December 1959	£8,000

By the terms of the Third Agreement

under Clause 15 on 18th September 1961	£10,000
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On 4th April 1962 by way of loan to the Vendors on the terms of a Receipt dated April 1962 by which (inter alia) the amount then paid by the Purchaser was to be repaid by the Vendors not later than 30th September 1962 unless otherwise agreed. (The present agreement of the parties in relation thereto is referred to in Clause 6 hereof).

£20,000

£40,000

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EXHIBIT "45EAW3" - Bundle of draft Agreements

definition NOW IT IS HEREBY AGREED AND DECLARED as follows :-

f
Mining
Titles"

1. The term "the Mining Titles" as used in this Agreement means the said Temporary Reserves listed in the Schedule to this Agreement and includes such other reserves or mining titles or rights in respect of iron ore in the Pilbara or West Pilbara Goldfields in the State of Western Australia which may hereafter be applied for granted or issued to the Vendors or any of them or to the Vendors or any of them and the Purchaser pursuant to the Mining Titles or to Clause 12 hereof or otherwise and also includes any further or other rights to mine and/or prospect for or to acquire mining titles in respect of iron ore at any time during the continuance of the option referred to in Clause 3 hereof acquired or held by the Vendors or any of them in respect of the whole or any part of the areas of land comprised in the said Pilbara or West Pilbara Goldfields.

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"Operative
date and
effect"

2. This Agreement and the Blue Asbestos Agreement shall wholly replace the First Second and Third Agreements as from the date hereof and the whole of the arrangements, rights and obligations of the parties and the entire agreement and understanding between the parties as at the date of this Agreement in relation to the Mining Titles and the "Mining Titles" as defined in the Blue Asbestos Agreement shall be as contained in this Agreement and the Blue Asbestos Agreement.

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"the Option" 3.

The Vendors hereby confirm the grant to the Purchaser of the sole and exclusive options granted to it or its predecessors on title by the First Second and Third Agreements (hereinafter called "the said option") to acquire from the Vendors or such one or more of them in whose name or names the Mining Titles have been or may be issued or granted any one or more of the

Mining Titles and the rights to mine and/or prospect respectively granted thereby free from incumbrances and all the right title and interest of the Vendors in and to the areas of land comprised therein.

4. The said option shall continue until and including 30th September 1963 unless sooner determined as herein-after provided save that at any time after 30th September 1962 the Vendors may give notice in writing to the Purchaser of their intention to determine the said option unless the sum of £2,000 shall be paid to the Vendors by the Purchaser within 14 days of the service of such notice on the Purchaser and on payment of such sum the said option shall cease to be terminable by the Vendors.

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ompulsory 5. xercise
f Option

5. The Purchaser shall in any event exercise the said option in respect of the Mining Titles if and when :-
- (a) The Purchaser has won 20,000 tons of ore from the area comprised in the Mining Titles and has shipped the same or delivered the same to a stockpile at the port of shipment; or
 - (b) The Purchaser has commenced construction of a railway linking the general area comprised in the Mining Titles with the coast; or
 - (c) The Purchaser has commenced to construct a port for the shipment of iron ore from the areas comprised in the Mining Titles; or
 - (d) The Purchaser has commenced erection of a permanent and major plant for the treatment of iron ore won from the areas comprised in the Mining Titles not being a pilot or experimental unit.

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- onsideration 6. (a) the said sums of £2,000, £8,000 and £10,000 referred to in Recital G shall be deemed to be payments made under this Agreement and under this clause subject in all respects to the terms of paragraph C of this clause.

(b) On the signing of this Agreement the said sum of £20,000 referred to in Recital G hereof shall be deemed to be a payment made under this Agreement and under this Clause hereof and, in accordance with the Proviso referred to in paragraph (c) of this Clause, be deemed to be a payment by way of loan to the Vendors only repayable by them in accordance with the terms of such proviso.

(c) In the event that the Purchaser exercises the said option in respect of all or any of the Mining Titles the Purchasers shall pay to the Vendors the sum of £60,000

Provided Nevertheless that the said sum of £60,000 shall only become payable

(i) after there has or have been issued to the Purchaser such mining titles or other rights enabling it to mine under the Mining Titles (and whether under the Mining Act or other legislation) as shall in its opinion be fully satisfactory to it in all respects or the Purchaser has concluded an agreement with the Western Australian Government giving it the right to acquire mining titles per iron ore, and

(ii) on or after 31st December 1962

(d) PROVIDED ALWAYS that all payments made to the Vendors or any of them pursuant to this Clause shall be payments by way of loan to the Vendors and such loans shall not bear interest and shall be repayable out of amounts from time to time accruing to the Vendors pursuant to Clause 9 but not otherwise.



Procedure
for Exercise
of Option

7. The Purchaser may exercise the said option from time to time by notice in writing to the Vendors specifying

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EXHIBIT "45EAW3" - Bundle of draft Agreements

the Mining Title or Mining Titles over which the said option is then being exercised and the Vendors shall within seven days after receipt of such notice (if they have not already done so pursuant to this Agreement) execute or cause to be executed all necessary and proper transfers and other documents effectually to vest the Mining Title or Mining Titles specified in such notice in the Purchaser free from encumbrances and shall deliver or cause to be delivered such transfers and other documents and the relative instrument or instruments of Title to the Purchaser for registration and the Vendors and each of them shall execute all such surrenders and other documents and take all such other action as may be necessary to ensure that the Temporary Reserves listed in the Schedule to this Agreement accrue solely to the Purchaser or its nominee.

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rest
operations

8. The Purchaser shall unless prevented by circumstances beyond its control commence within one year of the date of exercise active preparations for the working of at least one of the Mining Titles in respect of which the option is exercised.

PROVIDED THAT whether before or after the expiration of the said one year if by the terms of any agreement made between the Purchaser (and/or others) and the Western Australian Government or if by any of the terms of issue of any mining titles pursuant to or arising from the Mining Titles the Purchaser is required to assume obligations as to the incurring of expenditure or the working of iron ore in the areas specified in the Mining Titles or the construction of transport or loading facilities or plant in respect of any such operations then and in any of such cases the obligation of the Purchaser under this Clause shall cease.

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EXHIBIT "45EAW3" - Bundle of draft Agreements

royalty

9. As consideration for the transfer to the Purchaser of such of the Mining Titles as are acquired by the Purchaser hereunder the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser from that Mining Title and sold or otherwise disposed of by the Purchaser an amount equal to 2½% of the amount received on sale or other disposal of these minerals in unrefined and unmanufactured form f.o.b. Depuch Island or other port of shipment thereof.

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further
infor-
mation

10. The Vendors shall during the continuance of the said option inform the Purchaser from time to time of any area (not already or then included in the Mining Titles) which the Vendors consider is worthwhile inspecting.

sale of
reserves

11. In the event of the Purchaser selling any Mining Titles in respect of which an obligation to pay any amount has arisen or may arise pursuant to Clause 9 hereof the Purchaser shall at its option either obtain from the buyer thereof a covenant binding such buyer to make payments to the Vendors in the terms of Clause 9 hereof or pay to the Vendors an amount equivalent to thirty-three and one-third per cent of the Purchaser's net profit on such sale after deducting all its expenditure on or in connection with the Mining Titles up to the date of sale. In this clause "expenditure" shall mean direct expenditure on the Mining Titles in question (including salaries and wages of personnel working thereon) plus an amount equal to 20% thereof to cover indirect expenditure including overheads. The Purchaser shall not without the consent of the Vendors sell any Mining Title or Mining Titles unless the Vendors have received or become entitled to receive payments totalling not less than £100,000 pursuant to the provisions of this Clause or Clauses 4 or 6 of this Agreement including the payments referred to in Recital G hereof.

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nditions

12. During the continuance of the said option the Vendors will -

(a) at the request and cost of the Purchaser promptly apply for and use their utmost endeavours to obtain any rights which the Purchaser may require or consider necessary or advisable for the purpose of obtaining a better title or interest in the areas comprised in the said Mining Titles and also any exemption or exemptions from labour conditions or rentals relating thereto and the Vendors hereby appoint the Purchaser to be the Attorney of the Vendors for the purpose of making such applications and of obtaining such rights and such exemptions and for that purpose for the Vendors and in their names to execute and do any deeds documents instruments acts and things that may be necessary or which by these presents the Vendors may be obliged to do or execute and the Vendors hereby ratify and confirm anything that the Purchaser does or causes to be done by virtue of these presents and the Vendors and each of them severally hereby covenant with the Purchaser that they will transfer the said Mining Titles and any other documents of title of the Vendors to the areas of land comprised therein to the Purchaser in accordance with the terms of this agreement and that they will not cause or suffer any act matter or thing to be done at any time during the said option or after its exercise whereby the said Mining Titles or any of them or any other documents of Title of the Vendors to the aforesaid areas may in any way be lost charged or encumbered and in particular that they will not at any time let any tribute in respect thereof.

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reas.

13. During the continuance of the said option the Vendors will at the request and cost of the Purchaser promptly

EXHIBIT "45EAW3" - Bundle of draft
Agreements

apply for mining titles in respect of iron ore over any further areas discovered by them in the Pilbara or West Pilbara Goldfields and such applications and any mining titles issued in respect thereof and any options which the Vendors shall acquire over mining titles in these goldfields shall unless the Purchaser otherwise notifies the Vendors in writing be subject to this agreement in all respects as if such mining titles and such options were included in the phrase "the Mining Titles". The Vendors shall not except as herein provided peg or apply for any titles to mine iron ore.

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iron 14. At any time during the currency hereof the Purchaser may call on the Vendors at the expense of the Purchaser to place their documents of title in escrow and in that event the Vendors shall lodge all their documents of title to the areas comprised in the Mining Titles and a proper and effectual transfer or proper and effectual transfers thereof duly executed by them but with a blank for the name of the transferee with the Bank of New South Wales at Perth in the State of Western Australia and shall give to the Bank irrevocable instructions that upon receipt of notice that the said option has been exercised in respect of any of the Mining Titles the documents of title and transfers relating thereto are to be delivered to the Purchaser for registration or to be otherwise dealt with as the circumstances and the Purchaser may require.

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caveats 15. The Purchaser may lodge and register such caveats or other documents as it may think fit to protect its interests hereunder and during the continuance of the said option the Vendors agree not to take any steps to remove the same and in the event of the expiry or abandonment of the said option the Purchaser shall promptly withdraw such caveats or such of them as relate to those

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EXHIBIT "45EAW3" - Bundle of draft
Agreements

of the Reserves in respect of which the said option is no longer current.

Purchaser's 16. During the continuance of the said option the Purchaser
rights of
access shall subject to the terms of issue of the Mining Titles be entitled to

- (a) the exclusive right to enter upon inspect examine test take reasonable and bona fide samples from and carry out prospecting development and any other work on the said areas and to do all things incidental thereto;
- (b) the right to use any plant machinery or other chattels of the Vendors now on the said areas;
- (c) the right to bring onto and use on the said areas any other plant machinery or other chattels; and
- (d) the right (which shall continue for a period of two months after the expiration or sooner determination of the said option) to remove any of the plant machinery or other chattels referred to in paragraph (c) hereof from the said areas.

Vendors' 17. During the continuance of the said option the Vendors
rights to
service other than the corporate Vendors will at the expense of the Purchaser make visits to the areas comprised in the said Mining Titles at such times as the Purchaser may reasonably request and will disclose to the Purchaser the location of deposits of iron ore known to them on those areas and elsewhere in the Pilbara and West Pilbara Goldfields and generally make available to the Purchaser such information as may be in their possession relating to the iron ore deposits on the areas comprised in the Mining Titles.

Purchaser 18. Upon the termination of the said option (otherwise
make
formation
available than by exercise) in respect of any one or more of the Mining Titles the Purchaser will make available to the Vendors all geological topographical and similar information obtained by the Purchaser in relation to

those Mining Titles in the course of its investigations thereon (but not including technical and other information not obtained by it directly from such investigations).

abandonment 19. The Purchaser may at any time and from time to time hereafter by notice to the Vendors abandon the said option either wholly or in respect of some one or more of the Mining Titles and as from the date upon which such notice is received or deemed to be received by the Vendors the obligations of the Purchaser hereunder shall cease either wholly or as the case may be in respect of those Mining Titles in respect of which the notice is given.

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notices 20. All Notices given pursuant to the terms of this agreement shall be in writing and may be given by delivery to the party to whom the same is addressed in the case of the Vendors to "Messrs. Hancock & Wright" at their address aforesaid and in the case of the Purchaser to the Purchaser at its registered office aforesaid or may be given by letter or telegram which shall be deemed to be received on the day when in due course of post or due course of receipt of telegram such notice would reach the address given if posted in a prepaid registered letter or in the case of a telegram addressed through the telegraph office to the address aforesaid of the party to whom such notice is given.

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payments 21. Any amounts to be paid to the Vendors hereunder may be paid to the Commercial Bank of Australia Limited at Head Office Saint George's Terrace Perth to the credit of "Hancock and Wright" and the receipt of that Bank for any amount so paid shall be sufficient evidence of payment to the Vendors hereunder.

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assignment 22. The Purchaser shall not without the prior written consent of the Vendors assign the said option except to

- (i) a company which is a subsidiary of The Rio Tinto Mining Company of Australia Limited within the meaning of that term as defined in the Victorian Companies Act 1961; or
- (ii) the company or companies which, if not the Purchaser or a company such as is described in paragraphs (i) and (ii) of this Clause, enters into binding arrangements with the Western Australian Government in respect of the development of one or more of the areas comprised in the Mining Titles, subject only to the assignment and exercise of the said option.

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23. The Vendors will to the fullest extent to which the same is consistent with the normal management of their own affairs treat the contents of this agreement as confidential and will not unwittingly permit any publication of those contents.

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rett-
nard
gement

24. The Vendors acknowledge that no sum is now due to them or any of them pursuant to or arising out of an Agreement dated 21st October 1959 made between the Vendors and Arthur Viveash Barrett-Lennard, Frank St. Aubyn Barrett-Lennard and Edward Guy Barrett-Lennard of the one part and R.T.M.S. of the other part.

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chaser
meet
enses

25. The Purchaser will meet all the expenses of the Vendors in relation to the Mining Titles provided that the same are authorized in writing beforehand by the Purchaser.

tributions
Purchaser

26. In the event of the Purchaser abandoning the said option in respect of all or any of the Mining Titles then the Purchaser shall if and when requested by the Vendors over a period of two years from the date of abandonment as the case may be make available to the Vendors sums (not exceeding £5,000 in all) for the purpose of meeting the expenses of the Vendors in paying lease rents and other fees and expenses necessary for the maintenance of those titles.

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Consultation 27. Each of the parties hereto will at all times give full opportunity to the others for consultation before making any approaches to or in any way conferring (with regard to any matter relating directly or indirectly to the subject matter of this agreement) with the Government of Western Australia or any representative or officer thereof or with the Government of the Commonwealth of Australia or any representative or officer thereof and none of the parties hereto will in any way be entitled to nor will attempt to bind any of the others in any manner in relation to any such Government or any other third party PROVIDED ALWAYS that the terms of any agreement or arrangement which may be reached between the Purchaser and either of such Governments shall be for ultimate decision by the Purchaser and the Government concerned AND PROVIDED FURTHER that the provisions of this clause shall not operate after the said option has been exercised.

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- Definitions 28. (i) All undertakings agreements and obligations expressed in this agreement to be assumed or made by "the Vendors" shall be deemed to be made by them jointly and severally;
- (ii) The expression "the Vendors" and "the Purchaser" shall where the context permits include their respective successors in title, personal representatives and in the case of the Purchaser its assigns as permitted by this Agreement; and the expression "the Vendors" shall include where the context permits, each of them separately.
- (iii) Where the context requires in this Agreement, the singular shall include the plural and vice versa.
- (iv) The marginal notes shall not form part of this Agreement or affect its construction.

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1924

EXHIBIT "45EAW3" - Bundle of draft Agreements

IN WITNESS whereof the parties have executed these presents

THE SCHEDULE

PART I

<u>Temporary Reserve Number</u>	<u>Area (Square Miles)</u>	
2074 H	49.92	
2075 H	49.2	
2076 H	49.59	
2077 H	49.95	
2078 H	48	
2079 H	50	10
2081 H	50	
2082 H	50	
2085 H	50	
2086 H	42	
2310 H	48	
2318 H	49	
2418 H	38	
2419 H	49.5	
2420 H	50	
2421 H	50	20
2425 H	50	
2426 H	50	
2427 H	48	
2428 H	36	
2435 H	50	
2437 H	20.5	
2438 H	45	
2439 H	45.5	

PART II

EXHIBIT "45EAW3" - Bundle of draft Agreements

DRAFT *copy of the*
Doc 12/11/1962 *agreement* 5 *agreement*

AN AGREEMENT dated 1962 and made
between LANGLEY GEORGE HANCOCK, ERNEST ARCHIBALD . .
MAYNARD WRIGHT and WRIGHT PROSPECTING PTY. LIMITED .
all of 609 Wellington Street Perth Western Australia
A N D HANCOCK PROSPECTING PTY. LIMITED of 150 Vic-
toria Avenue Dalkeith Western Australia (hereinafter
called "the Vendors") of the one part A N D ~~RIO~~ .
~~TINTO SOUTHERN PTY. LIMITED~~ of 408 Collins Street ..
Melbourne Victoria (hereinafter called "the Purchas-
er") of the other part

W H E R E A S :

- A. By an Agreement dated 11th September 1959 (hereinafter called "the First Agreement") made between the Vendors of the one part and Rio . . . Tinto Management Services (Australia) Pty. Limited (hereinafter called "R.T.M.S.") of the 1 . . other part the Vendors granted to R.T.M.S. the . . sole and exclusive option to acquire certain . . mining titles referred to in the First Agreement . . on the terms set out in that Agreement.
- B. By an Agreement dated 1st December 1959 (hereinafter called "the Second Agreement") made between the Vendors of the one part and R.T.M.S. of the other part the First Agreement was amended . . in various respects;
- C. Prior to 9th April 1961 R.T.M.S. had assigned . . its rights and obligations under the First and . . Second Agreements to the Purchaser;
- D. By an Agreement dated 9th April 1961 (hereinafter called "the Third Agreement") made between the Vendors of the first part, R.T.M.S. of the . . second part and the Purchaser of the third part ~~the~~ matters were recorded and certain other matters were agreed;

EXHIBIT "45EAW3" - Bundle of draft Agreements

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E. In the circumstances as they exist at the date of this Agreement the parties have agreed to consolidate and amend the First, Second and Third Agreements and to enter into this new agreement and a further new Agreement of even date with this Agreement relating only to blue asbestos (hereinafter called "the Blue Asbestos Agreement") to replace the First, Second and Third Agreements as from the date of this Agreement.

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F. The Western Australian Government has issued to the said Wright Prospecting Pty. Ltd. Hancock Prospecting Pty. Limited and the Purchaser jointly the Temporary Reserves for Iron Ore listed in the Schedule to this Agreement, those in the First Part thereof for the term of two years from 19th July 1961 and those in the Second Part thereof for the term of two years from 1st April 1962.

G. It is recorded that the Purchaser has made the following payments to the Vendors :

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By the terms of the First Agreement -	
under clause 4(a) in July 1959	£2,000
under clause 6(a) on 30th December 1959	8,000

By the terms of the Third Agreement -	
under clause 15 on 18th September 1961	10,000

On 4th April 1962 by way of loan to the Vendors on the terms of a Receipt dated April 1962 by which (inter alia) the amount then paid by the Purchaser was to be repaid by the Vendors not later than 30th September

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1962 unless otherwise agreed.
 (The present agreement of the
 parties in relation thereto
 is referred to in clause 6 here-
 of)

20,000

£40,000

Definition of
 "Mining Titles"

NOW IT IS HEREBY AGREED AND DECLARED as follows :

1. the The term "Mining Titles" as used in this Agree-
 ment means the said Temporary Reserves listed in the
 Schedule to this Agreement and includes such other ..
 reserves or mining titles or rights in respect of ..
 iron ore in the Pilbara West Pilbara or Ashburton ..
 Goldfields in the State of Western Australia which .
 may hereafter at any time be applied for granted or
 issued to the Vendors or any of them or to the Ven-
 dors or any of them and the Purchaser pursuant to the
 Mining Titles or to Clause 12 hereof or otherwise (or
 to the Purchaser and any person persons or corporat-
 ion associated with the Purchaser in this venture or
 to any person persons or corporation who under any..
 arrangement with the Vendors or any of them and the
 Purchaser or with the Purchaser shall become entit-
 led to mining titles or rights to mine for iron ore
 in any of the said Goldfields;) and also includes any
 further or other rights to mine and/or prospect for
 or to acquire mining titles in respect of iron ore .
 at any time during the continuance of the option . .
 referred to in Clause 3 hereof acquired or held by .
 the Vendors or any of them in respect of the whole .
 or any part of the areas of land comprised in the ..
 said Pilbara West Pilbara or Ashburton Goldfields.

2. This Agreement and the Blue Asbestos Agreement
 shall wholly replace the First Second and Third . .

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"Operative date
 and effect"

(B.L.)

1928

EXHIBIT "45EAW3" - Bundle of draft
 Agreements

Agreements as from the date hereof and the whole of .
the arrangements, rights and obligations of the part-
ies and the entire agreement and understanding be- ..
tween the parties as at the date of this Agreement in
relation to the Mining Titles and the "Mining Titles".
as defined in the Blue Asbestos Agreement shall be as
contained in this Agreement and the Blue Asbestos . .
Agreement.

"the Option"

3. ___ The Vendors hereby confirm the grant to the Pur-
chaser of the sole and exclusive options granted to .
it or its predecessors in title by the First Second ..
and Third Agreements (hereinafter called "the said ..
option") to acquire from the Vendors or such one or .
more of them in whose name or names the Mining Titles
have been or may be issued or granted any one or more
of the Mining Titles and the rights to mine and/or ..
prospect respectively granted thereby free from encum-
brances and all the right title and interest of the .
Vendors in and to the areas of land comprised therein.

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4. ___ The said options shall continue until and includ-
ing 30th September 1963 unless sooner determined as .
hereinafter provided save that at any time after 30th
September 1962 the Vendors may give notice in writing
to the Purchaser of their intention to determine the
said option unless the sum of £2,000 shall be paid to
the Vendors by the Purchaser within fourteen days of .
the service of such notice on the Purchaser and on ..
payment of such sum the said option shall cease to be
terminable by the Vendors.

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Compulsory
exercise
of Option

5. ___ The Purchaser shall in any event exercise the ..
said option in respect of the Mining Titles if and ..
when ;

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(a) The Purchaser has won 20,000 tons of ore ..
from the area covered by this agreement and

- has shipped the same or delivered the same to a stockpile at the port of shipment; or
- (b) The Purchaser has commenced construction of a railway linking the general area covered by this agreement or some part thereof with the coast; or
- (c) The Purchaser has commenced to construct a port for the shipment of iron ore from the areas covered by this agreement; or
- (d) The Purchaser has commenced erection of a permanent and major plant for the treatment of iron ore won from the areas covered by this agreement not being a pilot or experimental unit.

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In this clause the expression "area covered by this agreement" means all ground the subject of mining titles or rights to mine (including Temporary Reserves) within any of the said Goldfields.

consideration.

6. (a) The said sums of £2,000 £8,000 and £10,000 referred to in Recital G shall be deemed to be payments made under this Agreement and under this clause subject in all respects to the terms of paragraph (c) of this clause.
- (b) On the signing of this Agreement the said sum of £20,000 referred to in Recital G hereof shall be deemed to be a payment made under this Agreement and under this Clause hereof and, in accordance with the proviso referred to in paragraph (c) of this Clause, be deemed to be a payment by way of loan to the Vendors only repayable by them in accordance with the terms of such proviso.
- (c) In the event that the Purchaser exercises the said option in respect of all or any of the Mining Titles and the rights to mine ..

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respectively granted thereby the Purchasers .
shall pay to the Vendors the sum of £60,000

Provided Nevertheless that the said sum .
of £60,000 shall only become payable

After there has or have been issued to
the Purchaser such mining titles or ..
other rights enabling it to mine under
the Mining Titles (and whether under .
the Mining Act or other legislation) .
as shall give to the Purchaser satis-
factory ^{long term} security of tenure and rights
to mine or the Purchaser has concluded
an agreement with the Western Aust- ..
ralian Government giving it the right
to acquire mining titles for iron ore
~~and or~~

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ii. on ~~or~~ after 31st December 1962
whichever of these events or date shall later
occur.

PROVIDED ALWAYS that all payments made to ..
the Vendors or any of them pursuant to this
Clause shall be payments by way of loan to ..
the Vendors and such loans shall not bear . .
interest and shall be repayable out of amounts
from time to time accruing to the Vendors pur-
suant to Clause 9 but not otherwise.

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procedure for
exercise of
option.

7. ___The Purchaser may exercise the said option from time
to time by notice in writing to the Vendors specifying
the Mining Title or Mining Titles over which the said
option is then being exercised and forwarding the . . .
transfers next hereinafter mentioned and the Vendors .
shall within fourteen days after receipt of such not-
ice and transfers (if they have not already done so ..
pursuant to this Agreement) execute or cause to be . . .
executed all necessary and proper transfers and other

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documents effectually to vest the Mining Title or Mining Titles and the rights to mine specified in such notice in the Purchaser free from encumbrances and . . shall deliver or cause to be delivered such transfers and other documents and the relative instrument or . . instruments of Title (if then issued to and in the . . possession of the Vendors) to the Purchaser for registration and the Vendors and each of them shall execute all such surrenders and other documents and take . all such other action as may be necessary to ensure . tha the Temporary Reserves listed in the Schedule to this Agreement accrue solely to the Purchaser or its nominee.

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First Operations.

8. The Purchaser shall unless prevented by circumstances beyond its control commence within one year . of the date of exercise active preparations for the . working of at least one of the Mining Titles in respect of which the option is exercised PROVIDED THAT . whether before or after the expiration of the said . . one year if by the terms of any agreement made between the Purchaser (and/or others) and the Western Australian Government or if by any of the terms of issue of any mining titles pursuant to or arising from the . Mining Titles the Purchaser is required to assume . . obligations as to the incurring of expenditure or the working of iron ore in the areas specified in the Mining Titles or the construction of transport or loading facilities or plant in respect of any such operations then and in any of such cases the obligation of the Purchaser under this Clause shall cease if the . . assumption of such obligations shall constitute active preparation for the working of at least one of . . the Mining Titles in respect of which the option is . exercised, but not otherwise.

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preparation for or in relation to the transport of shipment of iron ore shall be from.



9. ___As consideration for the transfer to the Purchaser of such of the Mining Titles, and the rights to mine respectively granted thereby, as are acquired by the Purchaser hereunder the Purchaser shall subject to Clause 6 hereof pay to the Vendors in respect of all iron ore produced ^{(i.e. p.} by the Purchaser ~~(whether~~ operating alone or ^{by the Purchaser} in association with or by license to others) from the Mining Titles and sold or otherwise disposed of by the Purchaser or by the Purchaser and such associate or by such licensee in an unrefined and unmanufactured state an amount equal to :

(a) In the case of each sale of iron ore F.O.B.
Depuch or other port of shipment thereof to
others than a subsidiary or associated company of the Purchaser 2½ per centum of the
sale price, and

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(b) In the case of any other sale or a disposal
by treatment or otherwise of iron ore :

1. Where the Purchaser or such associate or
licensee has within the period of six (6)
calendar months preceding the date of
sale or disposal sold iron ore of the
same grade F.O.B. Depuch or other port
of shipment thereof 2½ per centum of the
amount which the seller would have
received as the sale price of such ore
had it on the date of sale or disposal
sold the ore at a price equal to the
last price at which the seller sold iron
ore within the said period of six (6)
calendar months of the same grade F.O.B.
as aforesaid, or

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11. If the Purchaser or such associate or
licensee has made no sale of iron ore of

the same grade F.O.B. Depuch or other ..
port of shipment within the six calendar
months preceding the sale or disposal to
enable the calculation referred to in ..
paragraph i. to be made then 2½ per cen-
tum of the amount which the seller would
have received if on the date of sale or .
disposal of the iron ore the seller had
sold the same at a price which the part-
ies agree represents and/or in default .
of agreement which is fixed by arbitrat-
ion in accordance with the Arbitration .
Act 1895 as representing the price F.O.B.
Depuch or other port from which the .. .
seller has usually shipped iron ore pro-
duced from the Mining Title or other ..
Mining Titles in the Pilbara West Pil- .
bara or Ashburton Goldfields which a ...
willing but not anxious purchaser would
be prepared to pay for iron ore of the .
same grade at the date of sale or dis-..
posal.

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(c) In the case of a sale or other disposal as .
aforesaid of iron ore for which by reason of
its low Fe content no market is normally . .
available or readily available, the amount .
on which the 2½ per centum shall be calculated
shall be that proportion of the sale price .
of iron ore of 60% Fe content (ascertained as
provided in sub-clause i. or ii. above, as .
the case may require) which the Fe content .
of the iron ore in question bears to 60% Fe
content.

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(d) For the purpose of this Clause a sale of iron ore

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C.I.F. shall be deemed to be a sale F.O.B. at a price equal to the difference between such C.I.F. price and the sum of insurance and .. freight taken into account in calculating .. such C.I.F. price.

Further Pegging

10. ___ During the continuance of the said option :

- (a) The Vendors shall inform the Purchaser from . time to time of any area (not already or then included in the Mining Titles) which the . . . Vendors consider is worthwhile inspecting.
- (b) The Vendors will at the request and cost of . the Purchaser promptly apply for mining tit- . les in respect of iron ore over any further . areas discovered by them in the Pilbara or . West Pilbara or Ashburton Goldfields and such applications and any mining titles issued in respect thereof and any options which the Ven- dors shall acquire over mining titles in . . . these goldfields shall unless the Purchaser . otherwise notifies the Vendors in writing be subject to this agreement in all respects as if such mining titles and such options were . included in the phrase "the Mining Titles".
- (c) Should the Vendors desire to peg and apply . for any title or titles (including Temporary . Reserves) to mine for iron ore in any partic- ular area within any of the Pilbara West . . . Pilbara or Ashburton Goldfields they shall . . . notify the Purchaser in writing of the partic- ular area proposed to be pegged and applied . for and of the estimated expenses to be in- . . . curred in connection therewith, whereupon the Purchaser may in writing approve such expenses . and agree to meet the same in which event the mining title or titles (including Temporary .

Reserves) concerned will form part of the ..
Mining Titles and be subject to the terms of
this Agreement; but if the Purchaser does ..
not approve such expenses and agree to meet ..
the same then the Vendors shall be at lib- ..
erty to proceed with the proposed pegging ..
and application on their own account and at
their own expense in all things, in which ..
event the mining title or titles (including
Temporary Reserves) concerned will not form
part of the Mining Titles and will not be ..
subject to this Agreement or the option .. .
thereby granted.

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X *subject to the*
and expenses for
the purpose of
application on their
own account and at
their own expense

(d) If the Purchaser shall discover any deposits
of iron ore within any of the Goldfields ..
aforesaid it shall forthwith in writing .. .
inform the Vendors thereof and of the locat-
ion thereof and whether it the Purchaser . .
intends to peg and apply for a mining title .
or mining titles (including Temporary Res-..
erves) in respect thereof. If the Purchaser
does not so intend and shall notify the Ven-
dors accordingly the Vendors shall be at ..
liberty forthwith to peg and apply as afore-
said for such deposit on their own account .
and at their own expense in all things in ..
which case such deposits and the mining title
or titles (including Temporary Reserves) in
respect of the same shall not form part of the
Mining Titles or be subject to this Agreement.
If the Purchaser shall peg and apply for such
deposit, the mining title or titles (includ-
ing Temporary Reserves) in respect thereof ..
shall form part of the Mining Titles and be .

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Not
arranged.

subject to the terms of this agreement.

Sale of Reserves

11. In the event of the Purchaser selling or otherwise assigning any Mining Titles or granting any . . . license or other rights having the effect of enabling the assignee licensee or grantee to mine and/or dispose of the iron ore won from mining the ground comprised in any of the Mining Titles in respect of which an obligation to pay any amount has arisen or any . . . arise pursuant to Clause 9 hereof the Purchaser . . . shall at its option either obtain from the buyer or assignee licensee or grantee as aforesaid a covenant . . . binding such buyer assignee licensee or grantee to . . . make payments to the Vendors in the terms of Clause 9 hereof or pay to the Vendors an amount equivalent . . . to 50% if such sale assignment or license or grant shall occur before the 30th day of September 1962 and . . . otherwise 33 1/3 % of the Purchaser's net profit on . . . such sale after deducting all its expenditure on or . . . in connection with the Mining Titles up to the date . . . of sale. In this clause "expenditure" shall mean . . . direct expenditure on the Mining Titles in question . . . (including salaries and wages of personnel working . . . thereon) plus an amount equal to 20% thereof to cover indirect expenditure including overheads. The Purchaser shall not without the consent of the Vendors . . . sell any Mining Title or Mining Titles unless the . . . Vendors have received or become entitled to receive . . . payments totalling not less than £100,000 pursuant to the provisions of this Clause or Clauses 4 or 6 of . . . this Agreement including the payments referred to in Recital G hereof.

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Conditions.

12. During the continuance of the said option the . . . Vendors will at the request and cost of the Purchaser promptly ^{apply or} join with the Purchaser in applying for and will use their utmost endeavours to obtain any rights

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relating to iron ore which the Purchaser may require or consider necessary or advisable for the purpose of .. obtaining a better title or interest in the areas comprised in the said Mining Titles and also any exemption or exemptions from labour conditions or rentals . relating thereto and the Vendors hereby appoint the . Purchaser to be the Attorney of the Vendors for the . purpose of making such applications and of obtaining such rights and such exemptions and for that purpose for the Vendors and in their names to execute and do any deeds documents instruments acts and things that may be necessary or which by these presents the Vendors may be obliged to do or execute and the Vendors hereby ratify and confirm anything that the Purchaser does or causes to be done by virtue of these presents and the Vendors and each of them severally hereby . . covenant with the Purchaser that they will transfer . the said Mining Titles or the Vendors' interest therein and any other documents of title of the Vendors to the areas of land comprised therein to the Purchaser in accordance with the terms of this agreement and .. that they will not cause or suffer any act matter or thing to be done at any time during the said option . or after its exercise whereby the said Mining Titles or any of them or any other documents of Title of the Vendors to the aforesaid areas may in any way be lost charged or encumbered and in particular that they .. will not at any time let any tribute in respect thereof.

13. During the continuance of the said option the . Purchaser will :

- (a) Except during any period when the Mining .. Titles or any of them shall be exempted from labour conditions fulfil the labour conditions of the Mining Titles or such of them as

shall not be so exempted.

- (b) Duly and promptly observe perform and keep ..
all covenants conditions and terms relating .
to the said Mining Titles imposed as a con-
dition of the grant thereof or pursuant to .
any agreement in relation thereto which may
be made between the Purchaser or the Vendors
and the Purchaser and the Minister for Mines
or other Minister on behalf of the Govern-..
ment of Western Australia.

Escrow

14. ___ At any time during the currency hereof the Pur-
chaser may call on the Vendors at the expense of the
Purchaser to place their documents of title in escrow
and in that event the Vendors shall lodge all their .
documents of title to the areas comprised in the Min-
ing Titles and a proper and effectual transfer or ..
proper and effectual transfers thereof duly executed
by them but with a blank for the name of the trans- .
feree with the Bank of New South Wales at Perth in .
the State of Western Australia and shall give to the
Bank irrevocable instructions that upon receipt of ..
notice that the said option has been exercised in res-
pect of any of the Mining Titles the documents of . .
title and transfers relating thereto are to be de- ..
livered to the Purchaser for registration or to be ..
otherwise dealt with as the circumstances and the ..
Purchaser may require.

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Caveats.

15. ___ The Purchas^{er} may lodge and register such cav-
eats or other documents as it may think fit to pro-..
tect its interests hereunder and during the contin-..
uance of the said option the Vendors agree not to ..
take any steps to remove the same and in the event of
the expiry or abandonment of the said option the Pur-
chaser shall promptly withdraw such caveats or such .

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Purchaser's
Rights of
Access

of them as relate to those of the Reserves in respect of which the said option is no longer current.

16. During the continuance of the said option the Purchaser shall, subject to the terms of issue of the Mining Titles be entitled to :

- (a) the exclusive right to enter upon inspect .. examine testtake reasonable and bona fide .. samples from and carry out prospecting development and any other work on the said areas and to do all things incidental thereto;
- (b) the right to bring onto and use on the said areas any other plant machinery or other chattels; and
- (c) the right (which shall continue for a period of two months after the expiration or sooner determination of the said option) to remove any of the plant machinery or other chattels referred to in paragraph (c) hereof from the said Areas.

Vendors' visits
Reserves

17. During the continuance of the said option the Vendors other than the corporate Vendors will at the expense of the Purchaser make visits to the areas comprised in the said Mining Titles at such times as the Purchaser may reasonably request and will disclose to the Purchaser the location of deposits of iron ore .. known to them on those areas and elsewhere in the .. Pilbara and West Pilbara Goldfields and generally make available to the Purchaser such information as may be in their possession relating to their iron ore deposits . on the areas comprised in the Mining Titles.

Purchaser to make
information
available

18. Upon the termination of the said option (otherwise than by exercise) in respect of any one or more of the Mining Titles the Purchaser will make available to the Vendors all geological topographical and similar information obtained by the Purchaser in relation to ..



those Mining Titles in the course of its investigations thereon (but not including technical and other information not obtained by it directly from such investigations).

abandonment

19. The Purchaser may at any time and from time to time hereafter abandon the said option either wholly or in respect of some one or more of the Mining Titles provided that the following conditions shall have been or shall be observed :

(a) The Purchaser shall have given to the Vendors not less than one calendar month's notice in writing of its intention to abandon.

(b) The Purchaser shall have (either solely or in conjunction with the Vendors) acquired title to the Mining Title or Mining Titles (including Temporary Reserves) proposed to be abandoned.

(c) The Purchaser shall subject always to obtaining any necessary Ministerial or like approval transfer to the Vendors or their nominees its interest in all or any Mining Titles or Mining Title (including Temporary Reserves) proposed to be abandoned, in which case the Purchaser shall not thereafter be under any obligation in respect of any such Mining Title or Temporary Reserve so abandoned except its obligation set forth in Clause 26 hereof.

The provisions of this Clause shall apply in respect of all mining titles including Temporary Reserves which may during the continuance of the said option be taken up by the Purchaser either alone or in conjunction with the Vendors.

Notices

20. All Notices given pursuant to the terms of this Agreement shall be in writing and may be given by delivery to the party to whom the same is addressed in the case

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of the Vendors to "Messrs Hancock & Wright" at their address aforesaid and in the case of the Purchaser . to the Purchaser at its registered office aforesaid or may be given by letter or telegram which shall be deemed to be received on the day when in due course of post or due course of receipt of telegram such . notice would reach the address given if posted in a prepaid registered letter or in the case of a tele- gram addressed through the telegraph office to the . address aforesaid of the party to whom such notice . is given.

ayments

21. ___ Any amounts to be paid to the Vendors hereunder may be paid by not negotiable ~~bank~~ cheque payable to "Hancock and Wright" sent by post or delivered to .. them at 609 Wellington Street Perth or in such other manner as may from time to time be notified in writing by the Vendors to the Purchaser and the endorsement of the Vendors of such cheque shall be sufficient evidence of payment to the Vendors hereunder.

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Assignment

22. ___ The Purchaser shall not without the prior .. written consent of the Vendors assign/or make any .. other kind of assurance or disposition of the said . option or its interest therein or in this Agreement/ except to:

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- i. a company which is a subsidiary of ~~the Rio~~ ^{Bonanza} ~~Pio~~ Tinto Mining Company of Australia Limited . within the meaning of that term as defined in the Victorian Companies Act 1961; or
- ii. the company or companies which, if not the . Purchaser or a company such as is described in paragraph i. of this Clause, enters into binding arrangements with the Western .. Australian Government in respect of the .. development of one or more of the areas comprised in the Mining Titles, subject only .

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to the assignment and exercise of the said option.

PROVIDED ALWAYS that it shall be a condition precedent to any such assignment assurance or other disposition that any or all such proposed assignees or grantees shall bind itself or themselves in such manner as shall be satisfactory to the Vendors to the faithful observance and performance of the obligations of the Purchaser pursuant to this Agreement and in particular but without lessening the generality of the foregoing to Clauses 9, 10, 11 and 26 hereof.

secrecy

23. The Vendors will to the fullest extent to which the same is consistent with the normal management of their own affairs treat the contents of this Agreement as confidential and will not unwittingly permit any publication of these contents.

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Barrett-Lennard
Agreement

24. The Vendors acknowledge that no sum is now due to them or any of them pursuant to or arising out of an Agreement dated 21st October 1959 made between the Vendors and Arthur Viveash Barrett-Lennard, Frank St. Aubyn Barrett-Lennard and Edward Guy Barrett-Lennard of the one part and R.T.M.S. of the other part.

Purchaser to meet
Expenses

25. The Purchaser will meet all the expenses of the Vendors in relation to the Mining Titles provided that the same are authorised by the Purchaser.

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Contributions by
the Purchaser

26. In the event of the Purchaser abandoning the said option in respect of all or any of the Mining Titles then the Purchaser shall if and when requested by the Vendors over a period of two years from the date of abandonment as the case may be make available to the Vendors sums (not exceeding £5,000 in all) for the Purpose of meeting the expenses of the Vendors in paying lease rents and other fees and expenses necessary for the maintenance of those titles.

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27. Each of the parties hereto will at all times .. give full opportunity to the others for consultation . before making any approaches to or in any way con- ... ferring (with regard to any matter relating directly . or indirectly to the subject matter of this Agreement) with the Government of Western Australia or any representative or officer thereof or with the Government of the Commonwealth of Australia or any representative or officer thereof and none of the parties hereto will in any way be entitled to nor will attempt to bind any of the others in any manner in relation to any such Government or any other third party PROVIDED ALWAYS that the terms of any agreement or arrangement which may be reached between the Purchaser and either of such Governments shall be for ultimate decision by the Purchaser and the Government concerned AND PROVIDED FURTHER that the provisions of this Clause shall not . operate after the said option has been exercised.

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28. Until such time as the said option is exercised the Purchaser will keep the Vendors informed of all .. visits of experts to the areas comprised in the Mining Titles and will at all times give as much notice thereof as is reasonably practicable.

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29. i. All undertaking agreements and obligations . expressed in this Agreement to be assumed or made by "the Vendors" shall be deemed to be made by them jointly and severally;

ii. the expression "the Vendors" and "the Purchaser" shall where the context permits include their respective successors in title, personal representatives and in the case of the Purchaser its assigns licensees or associates as permitted by this Agreement; and .. the expression "the Vendors" shall include .. where the context permits, each of them

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111. Where the context requires in this Agreement,
the singular shall include the plural and ...
vice versa.

iv. The marginal notes shall not form part of ..
this Agreement or affect its construction.

IN WITNESS whereof the parties have executed these
presents.

THE SCHEDULE

PART I.

<u>Temporary Reserve Number</u>	<u>Area (Square Miles)</u>
2074 H	49.92
2075H	49.2
2076 H	49.59
2077 H	49.95
2078 H	48
2079 H	50
2081 H	50
2082 H	50
2085 H	50
2086 H	42

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PART II.

2310 H	48
2318 H	49
2418 H	38
2419 H	49.5
2420 H	50
2421 H	50
2425 H	50
2426 H	50
2427 H	48
2428 H	36
2435 H	50
2437 H	20.5
2438 H	45
2439 H	45.5

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Draft for discussion
8/1/62

AN AGREEMENT dated September 1962 and made between LANGLEY GEORGE HANCOCK, ERNEST ARCHIBALD MAYNARD WRIGHT and WRIGHT PROSPECTING PTY. LIMITED all of 609 Wellington Street, Perth Western Australia and HANCOCK PROSPECTING PTY. LTD., of 150 Victoria Avenue, Dalkeith, Western Australia (hereinafter together called "the Vendors") of the one part and RIO TINTO SOUTHERN PTY. LTD. of 95 Collins Street, Melbourne, Victoria (hereinafter called "the Purchaser") of the other part WHEREAS:

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- (a) The parties hereto previously entered into the agreements particulars whereof are set out in the First Schedule hereto.
- (b) The Purchaser has made to the Vendors payments totalling £40,000 particulars whereof are set out in the Second Schedule hereto.
- (c) The Western Australian Government has granted to the said Wright Prospecting Pty. Ltd., Hancock Prospecting Pty. Ltd. and the Purchaser certain rights and privileges in or in respect of the Temporary Reserves for Iron Ore listed in the Third Schedule hereto (hereinafter called "the said Temporary Reserves") those in the First Part hereof for the term of two years from 19th July, 1961 and those in the Second Part thereof for the term of two years from 1st April, 1962.
- (d) It is intended that the Vendors shall sell and the Purchaser shall purchase all the right title and interest of the Vendors and each of them in and to and in respect of the said Temporary Reserves and the land comprised therein (hereinafter called "the Temporary Reserve land")

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NOW IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

1. The Vendors shall sell and the Purchaser shall purchase all the right title and interest of the Vendors in and to and in respect of the said Temporary Reserves and each of them and the land comprised therein.
2. The aforesaid sale shall be subject to the consent of the

Minister for Mines of the State of Western Australia and any other necessary governmental or like consents.

3. The Vendors shall forthwith apply for and use their best endeavours to obtain the abovementioned consents and will immediately such consents are obtained execute and deliver to the Purchaser such transfers surrenders or other documents as may be necessary to enable the Purchaser to become solely entitled to the full benefit of all rights and privileges granted by the South Australian Government or in respect of the said Temporary Reserves.

4. Upon receipt of all such documents as are referred to in Clause 3 hereof and upon the Purchaser having become solely entitled as aforesaid the Purchaser as consideration for the foregoing shall forthwith pay to the Vendors (or as they may direct) the sum of £60,000. 10

5. The Vendors acknowledge that the payments totalling £40,000 referred to in recital (b) hereto were payments by way of loan to the Vendors and the Purchaser agrees that the total of such payments shall remain as loans to the Vendors. The payment of £60,000 referred to in Clause 4 hereto shall also when made be a payment by way of loan to the Vendors. The total loan amount of £100,000 shall not bear interest and shall be repayable out of the first amounts from time to time accruing to the Vendors under Clauses 6, 10 or 11 hereof but not otherwise. 20

6. As further consideration for the foregoing the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser from the Temporary Reserve land and sold or otherwise disposed of by the Purchaser an amount equivalent to 2½% of the amount received on sale or other disposal of that iron ore in unrefined and unmanufactured form f.o.b. the first port of shipment thereof. PROVIDED ALWAYS THAT: 30

(a) If iron ore is upgraded before shipment by crushing and/or screening then the Vendors shall receive an amount equivalent to 2½% of the amount received on sale or other disposal of the iron ore so upgraded f.o.b.

with other associates
Value reference to value of iron ore sale, not correct

the first port of shipment thereof.

(b) If iron ore is beneficiated or otherwise treated by the Purchaser it shall be deemed to have been disposed of at the time beneficiation or other treatment begins but crushing or screening shall not be deemed to be beneficiation or any part thereof.

(c) Iron ore disposed of as provided in paragraph (b) hereof shall be deemed to be disposed of at the assumed f.o.b. price.

*Associated persons
licensee
etc*

(d) Iron ore sold or otherwise disposed of to a company which is a subsidiary of the Purchaser (within the meaning of that term in the Companies Act 1961 of the State of Victoria) shall be deemed to be sold or disposed of at the assumed f.o.b. price.

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(e) "The assumed f.o.b. price" shall for the purposes of this clause be:-

(i) The average of the f.o.b. price at which the Purchaser has during the period of six months immediately preceding the date of sale or other disposal sold iron ore of the same grade quality and physical condition for shipment from the State of Western Australia.

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(ii) If the Purchaser has not during that period sold iron ore as aforesaid such price as the parties agree or failing agreement as is determined by arbitration in accordance with the Arbitration Act 1895 as representing the then price f.o.b. from such port as that from which the Purchaser has usually shipped iron ore won from the Temporary Reserve land.

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Handwritten signature

(f) For the purposes of this clause a sale of iron ore C.I.F. shall be deemed to be a sale F.O.B. at a price equal to the difference between the C.I.F. price and the sum of insurance freight and other charges taken into account in determining such C.I.F. price.



7. For the purposes of Clause 6 hereof the term "the Temporary Reserve land" shall be deemed to include any other land ^{in the} ~~contiguous~~ ^{3 goldfields} to any of the Temporary Reserve land in respect of which the Purchaser obtains from the Government of Western Australia at any time prior to the time of readiness for production.

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P.W. Cab
sheep
rights
refused

8. During the period from the date hereof to the time of readiness for production the Vendors shall disclose to the Purchaser (and to the Purchaser only) the location of any iron ore deposits known to them or to any of them during that period and being in the Pilbara the West Pilbara or the Ashburton Goldfields and being outside the Temporary Reserve land.

9. The Vendors shall if requested by the Purchaser and at its expense assist the Purchaser in obtaining from the Government of Western Australia rights to mine the iron ore deposits referred to in Clause 8 hereof and shall not obtain or seek to obtain any mining tenement or tenements or other rights or titles thereto or in respect thereof on their own account or for or on behalf of any other person or persons company or companies.

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10. Should the Purchaser during the period referred to in ~~Clause 8~~ ^{the 3 goldfields} hereof obtain from the Government of Western Australia rights to mine all or any of the iron ore deposits referred to in Clause 8 hereof then the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser from such of those deposits in respect of which rights to mine are obtained as aforesaid and sold or otherwise disposed of by the Purchaser an amount equivalent to 2½% of the amount received on sale or other disposal of that iron ore in unrefined and unmanufactured form f.o.b. the first port of shipment thereof PROVIDED ALWAYS that proviso (a) to (f) ~~inclusive~~ ^{inclusive} of Clause 6 hereof shall apply also to this clause.

RC

11. Should the Purchaser during the period referred to in Clause 8 hereof obtain ^{from} ~~through the agency of the Vendors~~ any other person or persons or company or companies a

rights to mine iron ore in any areas forming part of the Pilbara the West Pilbara or the Ashburton Goldfields or an option to acquire any such rights the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser ^{sell} from such of those areas in respect of which rights to mine or an option to give the same are obtained as aforesaid and sold or otherwise disposed of by the Purchaser an amount equivalent to 2½% of the amount received on sale or other disposal of that iron ore in unrefined and unmanufactured form f.o.b. the first port of shipment thereof PROVIDED ALWAYS that:

- (a) Subject to paragraph (b) hereof provisos (a) to ⁽¹⁾ inclusive of Clause 6 hereof shall also apply to this clause.
- (b) Should ^{any} such rights to mine or an option to acquire the same not be obtained through the agency of the Vendors no amount shall be payable to the Vendors pursuant to this clause until the total nett profit obtained by the Purchaser from the ^{with the cost of the same} aforesaid areas has equalled the ^{capital} consideration payable ^{for it} from time to time ^{by} the Purchaser to such person or persons company or companies the intention being that the Purchaser shall recoup such ^{capital} consideration from such nett profit before coming under any obligation to commence payments to the Vendors pursuant to this clause.

For the purposes of this paragraph nett profit shall mean such amount as is certified to by the Purchaser's Auditors as being nett profit who in giving such certificate shall calculate nett profit on the basis of what would then be the difference between the assessable income of the Purchaser for ^{Income} Commonwealth Insurance tax purposes and the tax payable on that income if the lastmentioned areas were worked and iron ore were shipped therefrom as a separate operation.

12. The term "Time of readiness for production" in Clause 8 hereof shall mean the time at which the Purchaser is first able to ~~take~~ ^{transport by rail} iron ore won from any part of the Pilbara, West Pilbara or Ashburton Goldfields to some point on the coast of Western Australia and transfer it at that point into a ship.

13. Until such time as the Purchaser is first producing iron ore from any part of the Pilbara, West Pilbara or Ashburton Goldfields it will comply with all conditions ^{attached as a part of this agreement to some agreement with the} imposed as a result of any agreement with the Government of Western Australia on the Purchaser in respect of any areas held by it in any part of those goldfields but the Purchaser shall be under no obligation to the Vendors pursuant to this clause in any case where non-compliance with such conditions is waived acquiesced in or concurred in by or on behalf of the Government of Western Australia or in any case where no positive action is taken by or on behalf of such government in respect of such non-compliance.

14. Should the Purchaser not commence production of iron ore from any part of the Pilbara, West Pilbara or Ashburton Goldfields within a period of five years from the date hereof then it shall for a period commencing with such expiration and ending at the expiration of the period of a further five years immediately thereafter or at the time of commencement of production of iron ore as aforesaid whichever first occurs pay to the Vendors ^{yearly} monthly in advance the sum of ^{100,000} £8,333.5.8., the first of such payments to be made at the expiration of five years from the date hereof. All such payments shall be by way of loan to the Vendors but shall not bear interest and shall (subject to Clause 5 hereof) be repayable out of the first amounts from time to time accruing to the Vendors under Clauses 6, 10 or 11 hereof but not otherwise.

15. Until such time as the Purchaser is first producing iron ore from any part of the Pilbara, West Pilbara or Ashburton Goldfields it will comply with all conditions confirmed as a result of any agreement with the Government of Western Australia or the Purchasers in respect of any covenants held by it in any part of those Goldfields but the Purchaser shall be under no obligation to the Vendors pursuant to this clause in any case where non-compliance with such conditions is waived, acquiesced or concurred in by or on behalf of the Government of Western Australia or to any case where no positive action is taken by or on behalf of such Government in respect of such non-compliance.

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100,000
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16. Notwithstanding the provisions of Clause 14 hereof should the Purchaser at any time hereafter decide not to proceed with operations for or in connection with the winning of iron ore from any part of the Pilbara, West Pilbara or Ashburton Goldfields and being iron ore in respect of which an obligation to make payments under Clauses 6, 10 or 11 hereof has arisen or may arise thereafter and notify the Vendors in writing accordingly it will not thereafter be under any obligation to make any payment or further payment to the Vendors pursuant to Clause 14 hereof *except the first payment* but in that event the Purchaser shall offer to transfer *rights, title & interests in relation to* to the Vendors without payment all its then rights to mine such iron ore subject always to the Vendors obtaining any necessary consents to such transfer and paying all costs and stamp duty in relation thereto.

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17. In the event of the Purchaser selling its title to any areas of land in respect of which an obligation to pay any amount has arisen or may arise pursuant to Clause 6, 10 or 11 hereof the Purchaser shall at its option either obtain from the buyer a covenant binding such buyer *with the Vendors* to make payments to the Vendors in respect of that land in the terms of such ~~one~~ of those clauses as relate thereto or pay to the Vendors an amount equivalent to thirty-three and one-third percent of the Purchaser's nett profit on such sale

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after deducting all its expenditure on or in connection with the land concerned up to the date of sale. In this clause "expenditure" shall mean direct expenditure on the land concerned (including salaries and wages of personnel working thereon) plus an amount equivalent to 20% thereof to cover indirect expenditure including overheads.

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18. Any amounts to be paid to the Vendors hereunder may be paid by bank cheque to the Commercial Bank of Australia Ltd. at Head Office, St. George's Terrace, Perth, to the credit of "Hancock & Wright" and the receipt of that bank for any amount so paid shall be sufficient evidence of payment to the Vendors hereunder.

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19. The Vendors acknowledge that no sum is now due to them or any of them pursuant to or arising out of an agreement dated 21st October, 1959, made between the Vendors and Arthur Viveash Barrett-Lennard, Frank St. Aubyn Barrett-Lennard and Edward Guy Barrett-Lennard of the one part and Rio Tinto Management Services (Australia) Pty. Ltd. of the other part.

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20. The agreements particulars whereof are set out in the First Schedule are hereby cancelled and will cease to have any force or effect PROVIDED ALWAYS that in the event of the consents referred to in Clause 2 hereof not being obtained within three months from the date hereof the Purchases may within seven days thereafter pay to the Vendor the sum of £2,000 (which would otherwise have been payable on or before the 14th day of September, 1962, pursuant to Clause 3 of the agreement firstly mentioned in the First Schedule hereto) whereupon all the agreements mentioned in that Schedule shall continue to operate as from the date of such payment and the Purchaser shall continue to be entitled to the options thereby granted upon the terms therein contained.

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21. This agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and undertakings relating to the subject matter

hereof or of the agreements mentioned in the First Schedule hereto. Neither this agreement nor any provisions hereof may be changed, waived discharged or terminated orally but only by an instrument in writing signed by or on behalf of the party against whom enforcement of the change waiver discharge or termination is sought.

IN WITNESS ETC.

THE FIRST SCHEDULE HEREINBEFORE REFERRED TO

(Particulars of earlier agreements to be set out)

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THE SECOND SCHEDULE HEREINBEFORE REFERRED TO

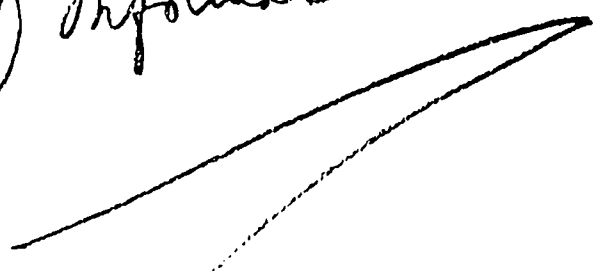
(Particulars of earlier ^{payments} ~~agreements~~ to be set out)

THE THIRD SCHEDULE HEREINBEFORE REFERRED TO

(Particulars of Temporary Reserves to be set out)

Handwritten notes:
Hill + ...
9 ...
9 ...

① Information



ARTHUR ROBINSON & CO.

DRAFT 1.10.62(as amended)

AN AGREEMENT dated September 1962 and made between LANGLEY GEORGE HANCOCK, ERNEST ARCHIBALD MAYNARD WRIGHT and WRIGHT PROSPECTING PTY. LIMITED all of 609 Wellington Street, Perth Western Australia and HANCOCK PROSPECTING PTY. LTD. of 150 Victoria Avenue, Dalkeith, Western Australia (hereinafter together called "the Vendors") of the one part and RIO TINTO SOUTHERN PTY. LTD. of 95 Collins Street, Melbourne, Victoria (hereinafter called "the Purchaser") of the other part WHEREAS:

- (a) The parties hereto previously entered into the agreements particulars whereof are set out in the First Schedule hereto.
- (b) The Purchaser has made to the Vendors payments totalling 142,000 particulars whereof are set out in the Second Schedule hereto.
- (c) The Western Australian Government has granted to the said Wright Prospecting Pty. Ltd., Hancock Prospecting Pty. Ltd. and the Purchaser certain rights and privileges in or in respect of the Temporary Reserves for iron ore listed in the Third Schedule hereto (hereinafter called "the said Temporary Reserves") those in the First Part hereof for the term of two years from 19th July, 1961 and those in the Second part thereof for the term of two years from 1st April, 1962.
- (d) It is intended that the Vendors shall sell and the Purchaser shall purchase all the right title and interest of the Vendors and each of them in and to and in respect of the said Temporary Reserves and the land comprised therein (hereinafter called "the Temporary Reserve land") and all rights to prospect or mine granted thereby or flowing therefrom.

NOW IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

1. The Vendors shall sell and the Purchaser shall purchase all the right title and interest of the Vendors in and to and in respect of the said Temporary Reserves and each of them and the land comprised therein and all rights to prospect or mine granted thereby or flowing therefrom.

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EXHIBIT "45EAW3" - Bundle of draft Agreements

2. The aforesaid sale shall be subject to the consent of the Minister for Mines of the State of Western Australia and any other necessary governmental or like consents.
3. The Vendors and the Purchaser shall forthwith apply for and use their best endeavours to obtain the abovementioned consents and the Vendors will immediately such consents are obtained execute and deliver to the Purchaser such transfers surrenders or other documents as may be necessary to enable the Purchaser to become solely entitled to the full benefit of all rights and privileges granted by the said Government in or in respect of the said Temporary Reserves.
4. Upon receipt of all such documents as are referred to in Clause 3 hereof and upon the Purchaser having become solely entitled as aforesaid the Purchaser as consideration for the foregoing shall forthwith pay to the Vendors (or as they may direct) the sum of £60,000.
5. The Vendors acknowledge that of the payments totalling £12,000 referred to in Recital (b) hereto payments totalling £40,000 were payments by way of loan to the Vendors and the Purchaser agrees that the total of such payments shall remain as loans to the Vendors. The payment of £60,000 referred to in Clause 4 hereof shall also when made be a payment by way of loan to the Vendors. The total loan amount of £100,000 shall not bear interest and shall be repayable out of the first amounts from time to time accruing to the Vendors under Clauses 6, 11 or 12 hereof but not otherwise.
6. As further consideration for the foregoing the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser (whether operating alone or in association with or by licence to others) from the Temporary Reserve land and sold or otherwise disposed of by the Purchaser or by the Purchaser and such associate or by such licensee an amount equivalent to 2½% of the amount received on sale or other disposal of that iron ore in unrefined and unmanufactured form f.o.b. the first port of shipment thereof. PROVIDED ALWAYS THAT:
 - (a) If iron ore is upgraded before shipment by crushing and/or screening then the Vendors shall receive an amount equivalent to 2½% of the amount received on sale or other disposal of the iron

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EXHIBIT "45EAW3" - Bundle of Draft Agreements

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ore so upgraded f.o.b. the first part of shipment thereof.

(b) If iron ore is beneficiated or otherwise treated by the Purchaser it shall be deemed to have been disposed of at the time beneficiation or other treatment begins but crushing or screening shall not be deemed to be beneficiation or any part thereof.

(c) Iron ore disposed of as provided in paragraph (b) hereof shall be deemed to be disposed of at the assumed f.o.b. price and that price shall be deemed to have been received by the Purchaser.

(d) Iron ore sold or otherwise disposed of to a company which is a subsidiary of the Purchaser (within the meaning of that term in the Companies Act 1961 of the State of Victoria) or to any associate or to any licensee of the Purchaser, or iron ore sold or otherwise disposed of in any way that is not a bona fide sale at actual value shall be deemed to be sold or disposed of and payment therefor shall be deemed to be received at the assumed f.o.b. price.

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(e) "The assumed f.o.b. price" shall for the purposes of this clause be:-

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(i) The average of the f.o.b. price at which the Purchaser whether operating alone or in association with or by license to others has during the period of six months immediately preceding the date of sale or other disposal sold iron ore of the same grade quality and physical condition for shipment from the State of Western Australia.

(ii) If the Purchaser alone or in association or by license as aforesaid has not during that period sold iron ore as aforesaid such price as the parties agree or failing agreement as is determined by arbitration in accordance with the Arbitration Act 1895 of Western Australia as representing the then price f.o.b. from each part as that from which the Purchaser alone or in association or by license as aforesaid has usually shipped iron ore won from the Temporary Reserve land.

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(f) For the purposes of this clause a sale of iron ore c.i.f. shall be deemed to be a sale f.o.b. at a price equal to the difference between the c.i.f. price and the sum of insurance freight and other charges taken into account in determining such c.i.f. price.

7. For the purposes of Clauses 6, 10 and 11 hereof the term "the Temporary Reserve Land" shall be deemed to include in addition to the Temporary Reserves mentioned in the Third Schedule any other land coloured blue on the plan described in the Fourth Schedule hereto in respect of which the Purchaser by itself or any subsidiary or other person or company in association with or by licence from the Purchaser obtains Temporary Reserves or other titles or rights to mine iron ore from the Government of Western Australia at any time prior to the time of readiness for production.
8. The term "time of readiness for production" in Clauses 7 and 9 hereof shall mean the time by which the Purchaser has made all necessary preparations to enable it to commence the production of iron ore from any part of the Pilbara, the West Pilbara or the Ashburton Goldfields and to move that iron ore to a place of shipment or a place of treatment on the basis that such production will be at the rate of 1,000,000 tons of iron ore per annum or such initial minimum annual rate of production as may be stipulated by the Government of Western Australia whichever is the lower.
9. Subject to Clause 10 hereof during the period from the date hereof to the time of readiness for production (hereinafter called "the pre-production period") the Vendors shall disclose to the Purchaser and to the Purchaser only the location of any iron ore deposits known to them or to any of them during that period and being in the Pilbara the West Pilbara or the Ashburton Goldfields.
10. During the pre-production period the Vendors shall if requested by the Purchaser and at its expense assist the Purchaser in obtaining from the Government of Western Australia rights to mine the iron ore deposits

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referred to in Clause 9 hereof and shall not obtain or seek to obtain any mining tenement or tenements or other rights or titles thereto or in respect thereof on their own account or for or on behalf of any other person or persons company or companies PROVIDED ALWAYS that should the Vendors at any time during the pre-production period disclose to the Purchaser the existence of any iron ore deposits in the Pilbara, the West Pilbara or the Ashburton Goldfields and being outside the Temporary Reserve land and if within the expiration of three months after service of notice in writing by the Vendors on the Purchaser delineating the land in which these iron ore deposits are located the Purchaser does not apply for a Temporary Reserve or other title or rights to mine iron ore in respect of the land comprised in such notice then the Vendors shall not be in breach of the foregoing provisions of this clause if they themselves apply for a Temporary Reserve or other title or rights to mine in respect thereof on their own account or for or on behalf of any other person persons company or companies.

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11. Should the Purchaser by itself or any subsidiary or other person or company in association with or by licence from the Purchaser during the pre-production period hereof obtain from the Government of Western Australia Temporary Reserves or other titles or rights to mine all or any of the iron ore deposits referred to in Clause 9 hereof then the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser operating alone or in association with or by licence to others from such of those deposits in respect of which rights to mine are obtained as aforesaid and sold or otherwise disposed of by the Purchaser an amount equivalent to 2½% of the amount received on sale or other disposal of that iron ore in unrefined and unmanufactured form f.o.b. the first port of shipment thereof PROVIDED ALWAYS that provisions (A) to (F) inclusive of Clause 6 hereof shall apply also to this clause.

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12. Should the Purchaser during the pre-production period obtain from any other person or persons or company or companies any Temporary Reserves or other title or rights to mine iron ore in any areas forming part of

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the Pilbara the West Pilbara or the Ashburton Goldfields and being outside the Temporary Reserve land or an option to acquire any such Temporary Reserves or other titles or rights to mine iron ore the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser or by the Purchaser in association with or by licence to others from such of these areas in respect of which Temporary Reserves or other titles or rights to mine iron ore or an option to acquire the same are obtained as aforesaid and sold or otherwise disposed of by the Purchaser an amount equivalent to 2 1/2% of the amount received on sale or other disposal of that iron ore in unrefined and unmanufactured form f.o.b. the first port of shipment thereof PROVIDED ALWAYS that:

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- (a) Subject to paragraph (b) hereof provisions (a) to (f) inclusive of Clause 6 hereof shall also apply to this clause.
- (b) Should any such Temporary Reserves or other titles or rights to mine or an option to acquire the same not be obtained through the agency of the Vendors no amount shall be payable to the Vendors pursuant to this clause until the total nett profit obtained by the Purchaser from the iron ore deposit concerned has equalled the capital consideration payable for it from time to time by the Purchaser to such person or persons company or companies the intention being that the Purchaser shall recoup such capital consideration from such nett profit before coming under any obligation to commence payments to the Vendors pursuant to this clause.

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For the purpose of this paragraph capital consideration shall not include any amounts payable by way of royalty.

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For the purposes of this paragraph nett profit shall mean such amount as is certified to by the Purchaser's Auditors as being nett profit who in giving such certificate shall calculate nett profit on the basis of what would then be the difference between the assessable income of the Purchaser for Commonwealth Income

.../7

tax purposes and the tax payable on that income if the lastmentioned areas were worked and iron ore were shipped therefrom as a separate operation.

13. During the pre-production period the Purchaser will comply with all conditions imposed under the said Temporary Reserves or as a result of any agreement with the Government of Western Australia on the Purchaser in respect of any areas held by it in any part of those goldfields but the Purchaser shall be under no obligation to the Vendors pursuant to this clause in any case where non-compliance with such conditions is waived acquiesced in or concurred in by or on behalf of the Government of Western Australia or in any case where no positive action is taken by or on behalf of such Government in respect of such non-compliance.
14. Should the Purchaser not commence production of iron ore from any part of the Pilbara, the West Pilbara or the Ashburton Goldfields within a period of five years from the date hereof then unless the Purchaser has been prevented from commencing production of iron ore as aforesaid by circumstances beyond the control of the Purchaser it shall for a period commencing at the expiration of such five years and ending at the expiration of the period of a further five years immediately thereafter or at the time of commencement of production of iron ore as aforesaid whichever first occurs pay to the Vendors monthly in advance the sum of £8,333.6.4., the first of such payments to be made at the expiration of five years from the date hereof. All such payments shall be by way of loan to the Vendors but shall not bear interest and shall (subject to Clause 5 hereof) be repayable out of the first amounts from time to time accruing to the Vendors under Clauses 6, 11 or 12 hereof but not otherwise. For the purposes of this clause the words "circumstances beyond the control of the Purchaser" shall be deemed to include (as well as acts of God

.../8

8. The Purchaser shall unless prevented by circumstances beyond its control commence within two years of the date of exercise active preparations for the working of at least one of the Mining Titles in respect of which the option is exercised PROVIDED THAT whether before or after the expiration of the said two years if by the terms of any agreement made between the Purchaser (and/or others) and the Western Australian Government or if by any of the terms of issue of any mining titles pursuant to or arising from the Mining Titles the Purchaser is required to assume obligations as to the incurring of expenditure or the working of iron ore in the area specified in the Mining Titles or the construction of transport or loading facilities or plant in respect of any such operations then and in any of such cases the obligation of the Purchaser under this Clause shall cease if the assumption of such obligations shall constitute active physical preparation for the working of at least one of the Mining Titles in respect of which the option is exercised, ¹⁰ but-not-otherwise, or active physical preparation for or in relation to the treatment transport or shipment of iron ore therefrom ²⁰

This is the Clause
8 of Arthur Robinson's
draft of AUGUST
1962 as amended by
Stable's draft and
as further amended
and agreed at the
September con-
ference in
Melbourne.

act of war force majeure act of public enemies floods and washways strikes lockouts stoppages restraint of labour or other similar acts) the following circumstances:-

(a) The inability of the Purchaser notwithstanding all reasonable endeavours by it to obtain on terms satisfactory to the Purchaser all necessary mining and other titles and all rights easements licenses titles and authorities to enable it to commence production of iron ore as hereinbefore in this clause mentioned and to move the same to a place of shipment or a place of treatment.

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if this excision is not acceptable, then we suggest to go back to what is the arrangement at present plus the additional year in consideration of immediate optioning.
(see attachment)

~~(b) The inability of the Purchaser to obtain on terms satisfactory to the Purchaser all finance necessary to enable it to commence production of iron ore as hereinbefore in this clause mentioned and to move the same to a place of shipment or a place of treatment on the basis that such production will be at the minimum rate which after investigation the Purchaser decides is the minimum rate at which it could operate on an economic basis, and~~

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(a) The inability of the Purchaser to obtain any sales contracts considered necessary by the Purchaser before commencing production of iron ore at the aforesaid minimum rate or the inability of the Purchaser otherwise to obtain assurances to its satisfaction as to the existence of markets in which iron ore can be sold at that minimum rate.

The Purchaser shall notify the Vendors in writing before the expiration of a period of five years from the date hereof of the existence of any circumstances such as are detailed in paragraphs (a) (b) and (c) above and the decision of the Purchaser as to the existence of any such circumstances shall be final and ~~binding on the Vendors.~~

15. Notwithstanding the provisions of Clause 14 hereof should the

.../9

Purchaser at any time hereafter decide not to proceed with operations for or in connection with the winning of iron ore from any part of the Pilbara, West Pilbara or Ashburton Goldfields and being iron ore in respect of which an obligation to make payments under Clauses 6, 11 or 12 hereof has arisen or may arise thereafter and notify the Vendors in writing accordingly it will not thereafter be under any obligation to make any payment or further payment to the Vendors pursuant to Clause 14 hereof but in that event the Purchaser shall offer to transfer to the Vendors (and if so required by the Vendors will transfer to them) without payment all its then Temporary Reserves and other titles and rights to mine such iron ore subject always to the Vendors obtaining any necessary consents to such transfer and paying all costs and stamp duty in relation thereto in excess of the first £5,000 thereof which the Purchaser shall pay. At the time of making such transfer the Purchaser will make available to the Vendors all geological topographical and similar information obtained by the Purchaser and relating to the areas the subject of such transfer but all such information shall be made available on the condition that the Purchaser in no way warrants the accuracy or completeness thereof and also on the condition that it shall not without the consent in writing of the Purchaser be attributed to the Purchaser its servants or agents by the Vendors in any negotiations or dealings with or representations to any Government or any third party but such consent shall not be unreasonably withheld.

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16. In the event of the Purchaser selling or otherwise assigning its title to any areas of land in respect of which an obligation to pay any amount has arisen or may arise pursuant to Clauses 6, 11 or 12 hereof or granting any licence or other rights having the effect of enabling the assignee licensee or grantee to mine and/or dispose of the iron ore won from mining any such areas as aforesaid

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1964

EXHIBIT "45EAW3" - Bundle of draft Agreements

the Purchaser shall at its option either obtain from the
buyer or assignee licensee or grantee as aforesaid a covenant
binding such buyer assignee licensee or grantee with the
Vendors to make payments to the Vendors in respect of that land
in the terms of such one of those clauses as relate thereto or
pay to the Vendors an amount equivalent to thirty-three and one-
third percent of the Purchaser's net profit on such sale after
deducting all its expenditure on or in connection with the land
concerned up to the date of sale. In this clause "expenditure"
shall mean direct expenditure on the land concerned (including
salaries and wages of personnel working thereon) plus an amount
equivalent to 20% thereof to cover indirect expenditure
including overheads.

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(Clauses 17 to end unchanged)

AN AGREEMENT dated

October 1962 and made between

LAWLEY GEORGE HANCOCK, ERNEST ARCHIBALD MAXWELL WRIGHT and WRIGHT PROSPECTING
PTY. LIMITED all of 609 Wellington Street, Perth, Western Australia and
HANCOCK PROSPECTING PTY. LTD. of 150 Victoria Avenue, Dalkeith, Western Australia
(hereinafter together called "the Vendors") of the one part and RIO TINTO
SOUTHERN PTY. LTD. of 95 Collins Street, Melbourne, Victoria (hereinafter
called "the Purchaser") of the other part WHEREAS:

- (a) The parties hereto previously entered into the agreements
particulars whereof are set out in the First Schedule hereto.
- (b) The Purchaser has made to the Vendors payments totalling £40,000
particulars whereof are set out in the Second Schedule hereto. 10
- (c) The Western Australian Government has granted to the said Wright
Prospecting Pty. Ltd., Hancock Prospecting Pty. Ltd. and the
Purchaser certain rights and privileges in or in respect of the
Temporary Reserves for Iron Ore listed in the Third Schedule hereto
(hereinafter called "the said Temporary Reserves") those in the
First Part hereof for the term of two years from 19th July 1961,
and those in the Second Part thereof for the term of two years from
1st April, 1962. 20
- (d) It is intended that the Vendors shall sell and the Purchaser shall
purchase all the right title and interest of the Vendors and each
of them in and to and in respect of the said Temporary Reserves and
the land comprised therein (hereinafter called "the Temporary Reserve
land") and all rights to prospect or mine granted thereby or flowing
therefrom.

NOW IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

1. The Vendors shall sell and the Purchaser shall purchase all the right
title and interest of the Vendors in and to and in respect of the said
Temporary Reserves and each of them and the land comprised therein, and
all rights to prospect or mine granted thereby or flowing therefrom. 30
2. The aforesaid sale shall be subject to the consent of the Minister for Mines
of the State of Western Australia and any other necessary governmental or
like consents.

EXHIBIT "45EAW3" - Bundle of Draft
Agreements

3. The Vendors shall forthwith apply for and use their best endeavours to obtain the abovementioned consents and the Vendors will immediately such consents are obtained execute and deliver to the Purchaser such transfers surrenders or other documents as may be necessary to enable the Purchaser to become solely entitled to the full benefit of all rights and privileges granted by the said Government in or in respect of the said Temporary Reserves.

4. Upon receipt of all such documents as are referred to in Clause 3 hereof and upon the Purchaser having become solely entitled as aforesaid the Purchaser as consideration for the foregoing shall forthwith pay to the Vendors (or as they may direct) the sum of £50,000.

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The Vendors acknowledge that the payments totalling £40,000 referred to in recital (b) hereto were payments by way of loan to the Vendors and the Purchaser agrees that the total of such payments shall remain as loans to the Vendors. The payment of £50,000 referred to in Clause 4 hereto shall also when made be a payment by way of loan to the Vendors. The total loan amount of £100,000 shall not bear interest and shall be repayable out of the first amounts from time to time accruing to the Vendors under Clauses 6, 10 or 11 hereof but not otherwise.

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6. As further consideration for the foregoing the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser (whether operating alone or in association with or by licence to others) from the Temporary Reserve land and sold or otherwise disposed of by the Purchaser an amount equivalent to $2\frac{1}{2}\%$ of the amount received on sale or other disposal of that iron ore in unrefined and unmanufactured form f.o.b. the first port of shipment thereof. PROVIDED ALWAYS THAT:

(a) If iron ore is upgraded before shipment by crushing and/or screening then the Vendors shall receive an amount equivalent to $2\frac{1}{2}\%$ of the amount received on sale or other disposal of the iron ore so upgraded f.o.b. the first port of shipment thereof.

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(b) If iron ore is beneficiated or otherwise treated by the Purchaser it shall be deemed to have been disposed of at the time beneficiation or other treatment begins but crushing or screening shall not be deemed to be beneficiation or any part thereof.

- (c) Iron ore disposed of as provided in paragraph (b) hereof shall be deemed to be disposed of at the assumed f.o.b. price and that price shall be deemed to have been received by the Purchaser.
- (d) Iron ore sold or otherwise disposed of to a company which is a subsidiary of the Purchaser (within the meaning of that term in the Companies Act 1961 in the State of Victoria) or to any associate or any licensee of the Purchaser or iron ore sold or otherwise disposed of in any way that is not a bona fide sale, shall be deemed to be sold or disposed of and payment therefor shall be deemed to be received at the assumed f.o.b. price.
- (e) "The assumed f.o.b. price" shall for the purposes of this clause be-
- (i) The average of the f.o.b. price at which the Purchaser whether operating alone or in association with or by license to others has during the period of six months immediately preceding the date of sale or other disposal sold iron ore of the same grade quality and physical condition for shipment from the State of Western Australia.
 - (ii) If the Purchaser whether operating alone or in association with or by license to others has not during that period sold iron ore as aforesaid such price as the parties agree or failing agreement as is determined by arbitration in accordance with the Arbitration Act 1955 of Western Australia as representing the then price f.o.b. from such part as that from which the Purchaser alone or in association or by license as aforesaid has usually shipped iron ore from the Temporary Reserve land.
- (f) For the purposes of this clause a sale of iron ore C.I.F. shall be deemed to be a sale F.O.B. at a price equal to the difference between the C.I.F. price and the sum of insurance freight and other charges taken into account in determining such C.I.F. price.

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7. For the purposes of Clause 6 hereof the term "the Temporary Reserve land" shall be deemed to include any other land within the Pilbara, West Pilbara and Ashburton Gold Fields in respect of which the

Purchaser obtains Temporary Reserves or other titles or rights to mine iron ore from the Government of Western Australia at any time prior to the time of readiness for production.

Provided that as regards any ground which C.A.A. may acquire by option or otherwise from any third party without the agency of Hancock and Wright, no royalty shall become payable to Hancock and Wright until C.A.A. shall have reimbursed itself out of profits derived by it from working such ground for the cost of acquisition of such ground.

Subject to Clause 9 hereof during the period from the date hereof to the time of readiness for production the Vendors shall disclose to the Purchaser and to the Purchaser only in the first instance

the location of any iron ore deposits known to them or to any of them during that period and being in the Pilbara the West Pilbara or the Ashburton Goldfields and being outside the Temporary Reserve land.

The Vendors shall..... at the Purchaser's expense assist the Purchaser in obtaining from the Government of Western Australia Temporary Reserves or other rights to mine the iron ore deposits referred to in Clause 8 hereof.....

.....
.....
.....

..... if the Purchaser shall within one month of each such disclosure inform the Vendors in writing that it desires to acquire any such deposit. But if the Purchaser shall not have so elected to acquire any such deposit the Vendors shall be at liberty to obtain Temporary Reserves or other mining tenements or other rights or titles thereto or in respect thereof on their own account or for or on behalf of or in association with any other person or persons, company or companies.

10. Should the Purchaser during the period referred to in Clause 8 hereof obtain from the Government of Western Australia Temporary Reserves or other titles or rights to mine all or any iron ore deposits within the three Goldfields aforesaid then the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser from such

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of these deposits in respect of which rights to mine are obtained as aforesaid and sold or otherwise disposed of by the Purchaser an amount equivalent to 2½% of the amount received on sale or other disposal of that iron ore in unrefined and unmanufactured form f.o.b. the first part of shipment thereof PROVIDED ALWAYS that provisions (a) to (f) inclusive of Clause 6 hereof shall apply also to this clause.

11. Should the Purchaser during the period referred to in Clause 6 hereof obtain from any other person or persons or company or companies any Temporary Reserves or other titles or rights to mine iron ore in any areas forming part of the Pilbara, the West Pilbara or the Ashburton Goldfields or an option to acquire any such Temporary Reserves or other titles or rights the Purchaser shall pay to the Vendors in respect of all iron ore produced by the Purchaser alone or in association or by license as aforesaid from such of these areas in respect of which Temporary Reserves or other titles or rights to mine or an option to acquire the same are obtained as aforesaid and sold or otherwise disposed of by the Purchaser an amount equivalent to 2½% of the amount received on sale or other disposal of that iron ore in unrefined and unmanufactured form f.o.b. the first part of shipment thereof PROVIDED ALWAYS that:

(a) Subject to paragraph (b) hereof provisions (a) to (f) inclusive of Clause 6 hereof shall also apply to this clause.

(b) Should any such Temporary Reserves or other titles or rights to mine or an option to acquire the same not be obtained through the agency of the Vendors no amount shall be payable to the Vendors pursuant to this clause until the total net profit obtained by the Purchaser from the iron ore deposits concerned has equalled the capital consideration payable for it from time to time by the Purchaser to such person or persons company or companies the intention being that the Purchaser shall recoup such capital consideration from such net profit before coming under any obligation to commence payments to the Vendors pursuant to this clause.

For the purposes of this paragraph capital consideration shall not include any amounts payable by way of royalty to such person or persons, company or companies above mentioned.

For the purposes of this paragraph net profit shall mean such amount as is certified to by the Purchaser's Auditors as being net profit who in giving such certificates shall calculate net profit on the basis of what would then be the difference between the assessable income of the Purchaser for Commonwealth Income tax purposes and the tax payable on that income if the last mentioned areas were worked and iron ore were shipped therefrom as a separate operation.

12. The term "Time of readiness for production" in Clause 8 hereof shall mean the time at which the Purchaser is
..... completely ready and capable of continuously
siring transporting to the coast and shipping at the rate of
at least 1 million tons per year iron ore from any part
of the Pilbara West Pilbara or Ashburton Goldfields
.....

13. Until such time as the Purchaser is first producing iron ore from any part of the Pilbara, West Pilbara or Ashburton Goldfields it will comply with all conditions attaching to all Reserves and rights to mine as aforesaid or imposed as a result of any agreement with the Government of Western Australia on the Purchaser in respect of any areas held by it in any part of these goldfields but the Purchaser shall be under no obligation to the Vendor pursuant to this clause in any case where non-compliance with such conditions is waived acquiesced in or concurred in by or on behalf of the Government of Western Australia or in any case where no positive action is taken by or on behalf of such Government in respect of such non-compliance.

14. Should the Purchaser not commence production of iron ore from any part of the Pilbara, West Pilbara or Ashburton Goldfields within a period of five years from the date hereof then it shall for a period commencing with such expiration and ending at the expiration of the period of a further five years immediately thereafter or at the time of commencement of production of iron

ore as aforesaid whichever first occurs pay to the Vendors yearly
in advance the sum of £100,000 the first of such payments to be
made at the expiration of five years from the date hereof. All
such payments shall be by way of loan to the Vendors but shall not
bear interest and shall (subject to Clause 8 hereof) be repayable
out of the first amounts from time to time accruing to the
Vendors under Clauses 4, 10 or 11 hereof but not otherwise.

15.

Notwithstanding the provisions of Clause 14 hereof should the
Purchaser at any time hereafter decide not to proceed with
operations for or in connection with the winning of iron ore from
any part of the Pilbara, West Pilbara or Ashburton Goldfields
and being iron ore in respect of which an obligation to make
payments under Clauses 4, 10 or 11 hereof has arisen or may arise
thereafter and notify the Vendors in writing accordingly it will
not thereafter be under any obligation to make any payment or
further payment to the Vendors pursuant to Clause 14 hereof except
the first payment but in that event the Purchaser shall
offer to transfer to the Vendors without payment all its then
rights title and interest in and to and including its rights to mine
such iron ore subject always to the Vendors obtaining any necessary
consents to such transfer and paying all costs and stamp duty in
relation thereto.

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In the event of the Purchaser deciding in accordance with this
paragraph not to proceed with operations for or in connection with
the winning of iron ore the Purchaser will make available to the
Vendors all geographical, topographical and similar information
obtained by the Purchaser in relation to the deposits of iron ore
covered by this Agreement in the course of its investigations
thereon (but not including technical and other information not
obtained by it directly from such investigations).

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16.

In the event of the Purchaser selling its title to any areas of
land in respect of which an obligation to pay any amount has
arisen or may arise pursuant to Clause 4, 10 or 11 hereof the
Purchaser shall at its option either obtain from the buyer a



covenants binding such buyer with the Vendor to make payments to the Vendor in respect of that land in the terms of such of those clauses as relate thereto or pay to the Vendor an amount equivalent to thirty-three and one-third per cent of the Purchaser's net profit on such sale after deducting all its expenditures on or in connection with the land concerned up to the date of sale. In this clause "expenditure" shall mean direct expenditure on the land concerned (including salaries and wages of personnel working thereon) plus an amount equivalent to 20% thereof to cover indirect expenditure including overheads.

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17. Any amounts to be paid to the Vendor hereunder may be paid by bank cheque to the Commercial Bank of Australia Ltd. at Head Office, St. George's Terrace, Perth, to the credit of "Hancock and Wright" and the receipt of that bank for any amount so paid shall be sufficient evidence of payment to the Vendor hereunder.

18. The Vendor acknowledges that no sum is now due to them or any of them pursuant to or arising out of an agreement dated 21st October 1969, made between the Vendor and Arthur Tivouch Barrett-Lennard, Frank St. Angha Barrett-Lennard and Edward Guy Barrett-Lennard of the one part and Rio Tinto Management Services (Australia) Pty. Ltd. of the other part.

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19. The agreements particulars thereof are set out in the First Schedule are hereby cancelled and will cease to have any force or effect EXCEPT AS AIDED that in the event of the consents referred to in Clause 2 hereof not being obtained within three months from the date hereof the Purchaser may within seven days thereafter pay to the Vendor the sum of £2,000 (which would otherwise have been payable on or before the 14th day of September 1969, pursuant to Clause 3 of the agreement firstly mentioned in the First Schedule hereto) whereupon all the agreements mentioned in that Schedule shall continue to operate as from the date of such payment and the Purchaser shall continue to be entitled to the options thereby granted upon the terms therein contained.

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20. This agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and

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undertakings relating to the subject matter hereof or of the agreements mentioned in the First Schedule hereto. Neither this agreement nor any provisions hereof may be changed, waived discharged or terminated orally but only by an instrument in writing signed by or on behalf of the party against whom enforcement of the change waiver discharge or termination is sought.

IN WITNESS ETC.

THE FIRST SCHEDULE HEREBY REFERRED TO

(Particulars of earlier agreements to be set out)

THE SECOND SCHEDULE HEREBY REFERRED TO

(Particulars of earlier payments to be set out)

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THE THIRD SCHEDULE HEREBY REFERRED TO

(Particulars of Temporary Reserves to be set out)

Notwithstanding anything to the contrary contained herein
it is an express provision of this agreement that the
Vendors are to receive 2 $\frac{1}{2}$ % of the value f.o.b. as crude
of all the iron ore won either by the Purchaser or by
any subsidiary, associate or licensee of the Purchaser
from the deposits covered by this agreement.

12th June 1962

Dear John,

It has already been arranged between us that Doctor Campana will, at a suitable time to be arranged, inspect the Tin and Tantalite prospects of Pilbara Exploration and the other Companies in that area. We have already explained that we have an arrangement with these other Companies whereby in the event of the inspection proving satisfactory to the point where Rio Tinto is desirous of taking an option, these other Companies will join us so as to make a build-up in size capable of being operated by a large Company or subsidiary of Rio Tinto. 10

The commercial scale operation of this tin field would yield as a by-product something like 10% of its out-put in Tantalite Buxenit and other rare minerals etc. I think you are well acquainted with the part Niobium plays as a frictionless non-lubricating bearing which makes space craft possible. We feel that the most promising areas and knowledge of possible extensions in the district lies with Pilbara Exploration No Liability which is a Company listed on the Stock Exchanges as Oils.

Pilbara Exploration is a Company formed for the purpose of prospecting for Oil and other minerals and was dependent on its income for production from Tantalite and Tin. This Company got its "fingers" burnt through the U.S.A. Government breaking faith with its Tantalite for P to E for Oil. The Company has been struggling ever since and has been mainly kept going through finance from Hancock and Wright. 20

The question of Oil exploration came up in the following way. Hancock and Wright led a syndicate which drilled a hole for Oil before Wapet came to this country and in territory now being actively operated by Wapet. Pilbara Exploration applied for this ground and was refused. Hancock in the course of flying around the North-West noticed that the sedimentary region of the Canning Basin extended in a direction not marked on the Government geological map. Pilbara Exploration made application for P to E based on this knowledge and was refused. This ground has now become available and Pilbara Exploration has again tendered, along with tenders, for several other applications. We have filed a total of six applications and are fairly confident of getting at least 30 of them. If we get the ones we require, our Company has a provision in its construction for a share issue to raise £440,000 for exploration of these areas.

As you know, there are hords of so-called Geologists available, but the Directors of this Company are not prepared to stand public money in support of their findings. We are, however, prepared to support the opinion of your Doctor Campana who has had some 12 years' experience in Oil Geology in other parts of the world. The purpose of this letter, therefore, is to see if we can 40

12th June 1962

come to some arrangement with you for a preliminary use of Campana's spare time services on a mutual benefit basis. For the time being we would merely like to use him as a reference in an honorary capacity; later, if anything comes of our hopes, we would like to make some financial arrangement/for the use of his services.
with you

Pilbara Exploration is a Company which is short of money but is not lacking in other ways, for instance: it has been responsible for the development of a revolutionary type concentrator, which is coming into use in alluvial tin fields and replacing Spirals in the Beach Sands industry in Western Australia. We would like to bring to your notice that we believe that this new form of treatment could be substituted for Spirals and Magnetic separation in the beneficiation of Iron from the banded Iron stones at the Hamersley Ranges. Our methods have proved cheaper than Spirals and Magnetic Separation in the case of Beach Sands and we feel that with some money spent in research into this matter the same system could be made to apply for use in our Iron Ores with beneficial results. Hancock and Wright are prepared to make available the services of the Engineer-Inventor, who has done a lot to develop this revolutionary method. The salary would be £3,000 per year. This Engineer could be used in a number of ways particularly with regard to construction of the high-speed conveyor and the transfer of Ore at sea from L.S.T. to barges to giant going ships. He has had considerable experience in re-designing and re-building whale-chasing and mother ship equipment.

Kindest regards,

Yours sincerely,

John Hohnen, Esq.,
Rio Tinto Mining Co. Ltd.,
MELBOURNE. VIC.

EXHIBIT "45EAW4" - Copy letter Second
Defendant to John Hohnen dated 12.6.62

1977

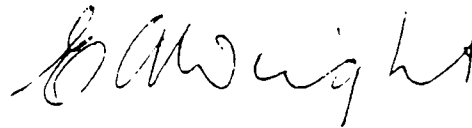
AFFIDAVIT

I, ERNEST ARCHIBALD MAYNARD WRIGHT of 193 Stirling Highway,
Claremont in the State of Western Australia, make oath and
say as follows:

1. I crave leave to refer to my Affidavit herein sworn and
filed on the 20th October 1983.

2. In paragraph 3 of my Affidavit I refer to and exhibit
correspondence which passed between the parties and their
legal advisers between May and December 1962. Now produced
and shown to me marked "EAW5" is an additional item of 10
correspondence, namely a letter from Mr Struan Anderson to
myself dated 15th November 1962.

SWORN by the said ERNEST)
ARCHIBALD MAYNARD WRIGHT)
at Perth in the State of)
Western Australia the 24th)
day of October 1983)
before me:)


Justice of the Peace

FILED on behalf of the first to fifth Defendants.

MAC.T-180-QRS-A

EXHIBIT "46EAW5" + Copy letter F.S.
Anderson to Second Defendant dated 15.11.62



CONZINC RIOTINTO OF AUSTRALIA LIMITED
95 COLLINS STREET, MELBOURNE, C.I

G.P.O. BOX 384D

TELEPHONE 63-0491

TELEGRAMS 'CONRIO'

TELEX 169 & 108

15th November, 1962.

E.A. Wright, Esq.,
Messrs. Hancock and Wright,
609 Wellington Street,
PERTH,
Western Australia.

Dear Peter,

Since you rang me yesterday evening it has turned out that I have had a little more time than I had expected in which to look at your letter of 8th November. As I explained to you last night, I had been expecting it for several days as Hubert Stables had mentioned in an earlier letter to Arthur Robinson & Co. that you were writing to me but in fact your letter did not reach me until late on the afternoon of Tuesday, 13th. As I indicated, I had been so involved in preparations for going overseas that I had not had time to do more than glance at it.

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I have been able carefully to consider your letter of 8th November and to review what has taken place while I have been away from Melbourne.

EXHIBIT "46EAW5" - Copy letter F.S.
Anderson to Second Defendant dated 15.11.62

- 2 -

I find there are still a number of points to be resolved if we are ever to make a new agreement and we are certainly not prepared to complete a document in the form of that sent with your letter.

Many of the points which seem to be troubling you deal with purely legal matters which I am convinced we will not be able to resolve without the help of our respective solicitors and which I know only they can put in final form and should be able to put in final form without further instruction from either side. I feel it is unfortunate, therefore, that you have not seen fit to instruct your solicitors to communicate with Messrs. Arthur Robinson & Co. and I do hope that you will now see my point and do so promptly.

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Regarding your request for a guarantee by C.R.A., I would have thought our position had been made sufficiently clear in Arthur Robinson & Co.'s letter of 30th October and, though I could repeat the salient relevant points made there, there does not appear to be any point in repetition. It is our intention to operate the Hamersley areas through a separate company which will alone be responsible for the performance of the various obligations under the proposed new agreement. The fact that this company will hold the titles to the areas and itself will be undertaking their development, as I see it on a major scale, should give you all the protection you need. More than that, however, this company will, as things develop, become a concern of considerable financial substance.

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As I will be away from Australia for I think something over two weeks, there is not going to be an early opportunity of conferring with you even if this were the best thing to do at this stage.

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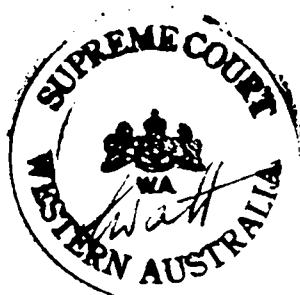


EXHIBIT "46EAW5" - Copy letter F.S.
Anderson to Second Defendant dated 15.11.62

- 3 -

I do sincerely suggest that you instruct your solicitors to get together with Arthur Robinson & Co. at least by correspondence but even better on a solicitor to solicitor basis across the table and I hope that when I return I will learn that this has been done and some real progress has been made. I must add that whatever action is taken by John Rodd is taken by him in his capacity as a senior member of our firm of solicitors and that such action naturally is taken with the full authority and support of those of us at 95 Collins Street who are dealing with the matter after discussion with and detailed instructions from us. 10

The thought has occurred to me that perhaps we should insist on a fresh deadline. Right now I would prefer not to do that but we cannot go on indefinitely. Meanwhile, of course, you will appreciate that our relations continue to be governed by the existing agreements. I do hope when I come back that the whole matter will be completed as far as possible based on the procedures I have suggested above. 20

On my return we can consider whether a further conference is necessary but I would not be seeking such a conference unless in the meantime a serious attempt had been made through the legal channels to clear up at least a high proportion of the unresolved points.

Thank you for the joint message from Lang and yourself expressing the hope that I am now fully recovered. The holiday trip into the Pacific by ship was just what I wanted and I am in good form and looking forward to the events of the next few weeks. 30

EXHIBIT "46EAW5" - Copy letter F.S.
Anderson to Second Defendant dated 15.11.62

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Regards to Lang and yourself.

Yours sincerely,

F.S. Anderson

(F.S. Anderson)

D i r e c t o r .

EXHIBIT "46EAW5" - Copy letter F.S.
Anderson to Second Defendant dated 15.11.62

Major Australian iron ore beneficiation plant expansions underway

properties of solids, non-magnetic particles being flushed through the magnetic field while particles with even feeble magnetic permeability are held in the adjustable high intensity magnetic field.

By March 1976, detailed engineering and process design studies had confirmed the technical and economic feasibility of the Mt. Tom Price low grade ore concentration project. Mitchell Cotts at that stage mobilised its project team in a joint venture with Minenco Pty. Ltd. in Perth. The contract for the design and project management was awarded by Hamersley Iron Pty. Ltd. to the Mitchell Cotts-Minenco joint venture during December 1976.

HAMERSLEY Iron Pty. Ltd., Australia is one of the world's largest iron ore producers, and is now carrying out an expansion programme to raise capacity from 40 million to 46 million tonnes of saleable iron ore a year. Overall, the expansion is expected to cost around \$375 million and will be completed early in 1979. Joint manager of this major concentrator project is the Mitchell Cotts consortium in Perth, Western Australia.

Hamersley operates two open-cut iron ore mines at Mt. Tom Price and Paraburdoo in north-west Australia. The mines are linked to the export port of Dampier by a 400km railway system. The programme will involve installation of a concentration plant at the Mt. Tom Price mine to treat low grade material. The nature of the orebody is such that large quantities of shaley, low grade material occur and these have to be separately removed during mining operations. Since operations commenced, at least 30 million tonnes of low grade ore have been stockpiled at Mt. Tom Price.

Further large quantities of low grade ore have been delineated and will be mined during the extraction of high grade direct shipping ores.

Following extensive investigations, metallurgical evaluation completed during 1975 confirmed that the low grade ores could be beneficiated by heavy media separation (HMS) and wet high intensity magnetic separation (WHIMS). HMS, a practical commercial application of the standard sink-float technique, involves separation of a mixture of solids of different specific gravities by heavy liquid, the density of which has been adjusted to lie between the specific gravities of the two solids. WHIMS is based upon the differences in magnetic

Other contracts

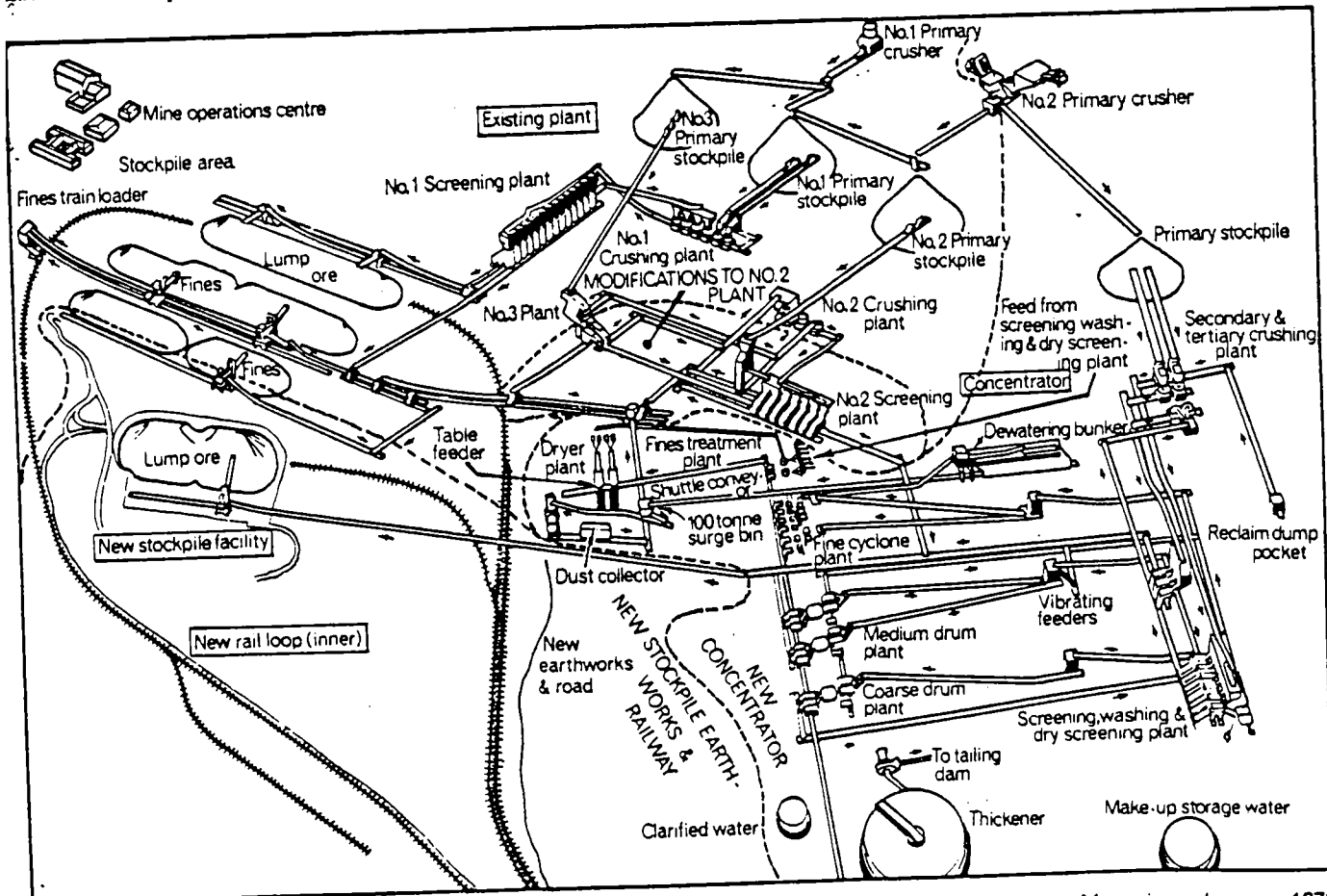
At the same time contracts were also awarded for the expansion of Parker Point at Dampier; power station and power distribution systems; railroad expansion; housing expansion; loadout tunnel at Tom Price; and the Tom Price water supply.

The total value of these contracts is \$375 million.

10

Table 1 Individual Plant sections

Size Fraction (mm)	Type of Separator	No. of Modules	Capabilities, tonne h Required	Design
80 x 30	Wemco Drum	1	530	660
30 x 6	Wemco Drum	2	600	660
6 x 0.5	HM Cyclone	3	420	600
-0.5 x 63	WHIMS	2	180	220



Mining Magazine—January 1978

Plant commissioning is scheduled for late 1978 and by early 1979 the concentrator should be achieving full production rates. This will be the Rilbara's first commercial wet iron ore beneficiation plant and introduces a new era for the iron ore industry in Australia. Hamersley's production capacity will be raised to 46 million tonne/year iron ore.

Concentrator feed ore is essentially a mixture of the iron minerals hematite and goethite and of shales of relatively low iron content. The nature of these shaley low grade ores is such that liberation occurs at coarse sizes and the higher Fe values are concentrated in the coarse size fractions. The coarse ore fractions therefore need no beneficiation. The fines are more effectively treated by magnetic separation and ultrafines, mainly shaley material, are discarded to waste by cyclone classification.

By adjusting the separation density in the HMS plants the product chemical specification (i.e. the content of iron, alumina, silica and phosphorus) can be varied. The concentrator has been designed to enable Hamersley to produce saleable iron ore from the low grade feed and also to improve the grades and physical properties of Hamersley's total production. The design also enables all concentration sections to be operated so as to yield concentrates of suitable

quality for reeding to direct-reduction steel making processes.

A total of 13 million tonnes of this low grade ore/year will be available to the concentrator and this will produce a net increase of 7.7 million tonnes of saleable ore per year.

The individual plant sections will be fed as shown in Table 1, p. 46.

The design incorporates plant bypass facilities for the 80 x 30mm and the 30 x 6mm fractions during periods when the ore grade as mined is high or during extended shutdown periods resulting from scheduled maintenance requirements. In addition, the WHIMS circuit can also be bypassed if required.

The heavy medium separation density requirements for normal operation grade production dictates the utilisation of a mixed medium comprising milled ferrosilicon and magnetite. High grade concentrate production requires higher separation densities which necessitates using milled ferrosilicon only for the Wemco drum separators and atomised ferrosilicon in the HMS cyclone separators. Various grades of correctly sized heavy medium are required to obviate medium instability caused by too coarse a medium and unacceptably high viscosities caused by too fine a medium.

The heavy medium consumption varies considerably from plant to plant and is related to plant operational

efficiency, nature of the ore and chemical composition of the plant water. The overall consumption of this commodity should not exceed 500g/tonne treated.

All the heavy medium plant modules consist of separate feed preparation screens, medium pumping circuits, densifiers, magnetic separators and sinks and floats product drainage and rinsing screens. Besides the HMS and WHIMS beneficiation plants the concentrator complex also includes additional integrated facilities. Modifications to the existing No. 2 primary gyratory crusher include the provision of a twin dump pocket system comprising 500 tonne surge hoppers, vibrating feeders followed by vibrating grizzlies with bar spacing to effectively size at 200mm. The high grade —200mm ore fraction delivers to the existing primary crusher with low grade undersize being conveyed to a 95,000 tonne live capacity concentrator feed surge stockpile. (see schematic diagram, opposite page.)

High sizing efficiency is required for these scalpers to prevent dilution of the high grade ore stream by fine low grade ore. This requirement necessitates the installation of feeding and sizing equipment claimed to be virtually unsurpassed for robustness, capacity, and size of the units.

The vibrating feeder and vibrating grizzlies are identical in size, being 3m

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wide and 9m long. System design capacity is 2750 tonne/h/stream. Equipment and size standardisation results in optimisation of spares holding.

Secondary crushing

The secondary crushing plant consists of two 7ft standard cone crushers each led by a scalping screen for sizing at 80mm. The two feed conveyors each have three vibrating feeders withdrawing ore from the stockpile at a rate of 880 tonne/h/stream. Scalping screen undersize is conveyed by transfer and tripper conveyor systems to the washing and screening plant feed distribution bin. Secondary crusher product during normal production is conveyed to tertiary sizing screens in closed circuit with tertiary crushers. During high concentrate grade production the secondary crushed product joins the scalping screen undersize for subsequent beneficiation in the HMS plants. The tertiary crushing circuit comprises a surge bin and two 7ft shorthread cone crushers, each fed by a vibrating feeder. It handles the 80 x 30mm sinks product from the HM plant and/or the 80 x 30 bypass material from the washing and screening plant together with the recirculating load from the tertiary sizing screens. Tertiary screen undersize product (-30mm) is conveyed to a new product stockpile. The secondary and tertiary crushers are complete with lubrication oil pumping, radiator cooling and dust extraction systems.

The washing and screening plant comprising 6 screening streams (5 operating and 1 standby) sizes the nominal -80mm low grade ore into 4 size fractions: 80 x 30mm, 30 x 6mm, 6 x 0.5mm and -0.5mm. Each stream is fed by vibrating feeder from the surge bin into a primary double deck sizing screen. Screen undersize gravitates to a sieve bend followed by a single deck sizing screen and -0.5mm fines gravitate to a transfer pump. The rated capacity per screening stream is 352 tonne/h. The three coarse size fractions are conveyed to separate 1000 tonne capacity surge bins to ensure a steady feed to the heavy media plants.

The -0.5mm undersize product after desliming in pump-fed classification cyclones constitutes the feed to the WHIMS circuit. Cyclone overflow gravitates to a 91m diameter thickener. The thickener underflow is disposed of

via an underflow transfer pump prior to a two-stage centrifugal pumping system delivering to a fine tailings dam. Overall water recovery from the tailings (estimated at 40%) is returned to the concentrator water circuit via a transfer pump mounted on a barge at the tailings dam.

The floats fraction from the process plants is transported to a waste dump via a common collecting conveyor transferring onto a portable conveyor/stacker system. The design provides for handling the WHIMS tailings over dewatering screens onto a waste conveyor.

Product handling is as follows:

80 x 30mm coarse drum product conveyed to tertiary crushers,
30 x 6mm medium drums product conveyed to the lump ore stockpile,
6 x 0.5mm cyclone sinks product conveyed to the dewatering bunker for drainage, reducing moisture content from 12% to 7%.

WHIMS concentrate and dewatering bunker discharge are conveyed to a rotary kiln dryer. Dryer discharge is conveyed with fine ore from crushing and screening plants to stockpiles.

The rotary drying circuit is complete with surge bins, fuel pumping, two stage dust scrubbing and feed and product disposal facilities. The design incorporates bypass facilities for periods when ore drying is unnecessary.

For metallurgical accounting, automatic sampling systems are provided as well as belt weigher installations, density recording and flow measurement. The water service provision for the concentrator includes a make-up water storage tank, a clarified water storage tank, four 1500m³/h clarified water pumps (one standby), one 450m³/h dust extraction water services pump, high pressure water filtration facilities on delivery lines, together with the necessary reticulation piping and screen water spray systems in the wet plants.

Control

Except for the primary crusher area which is controlled locally, the concentrator is controlled from a centralised control room located on level 6 of a building accommodating transformers, main substations, crib rooms, model rooms, supervisors offices, programmable logic controllers, electrical and mechanical maintenance areas and a mini computer. The building is air

conditioned and pressurised where necessary and the main control room accommodates the control desk, mimic panel and visual display units (VDU).

The heart of the control system is the central programmable logic controller (PLC) with approximately 8000 input/outputs. It will be located two floors below the control room. The control room has a 16m mimic display panel and a central control desk. All on/off field control and protection devices will be connected into the PLC by means of telephone type cable.

Some general data is given below:

The total connected electrical load will be approximately 16MW with an electrical demand of roughly 13MW. Make up water requirements are 292m³/h. The concentrator circulating water requirement is 5000m³/h. In plant pumping requirements in m³/h are given in Table 2.

Mt. Newman contract

Following the important work at Hamersley it was announced late last year that a consortium of Mitchell Cotts subsidiary companies in Australia had been awarded a major contract by Mount Newman Mining Co. (Pty.) Ltd. for the detailed process design, engineering and plant layout of Mount Newman's A\$113 million iron ore beneficiation plant.

Since the middle of 1977, Mitchell Cotts group companies have been engaged in the first and most important phase of this project with responsibility for detailed process design and engineering plus plant layout of the concentration plant at Mount Newman—the main element of the scheme—planned to go on stream in late 1979. This phase itself was preceded by a preliminary design undertaken by a Mitchell Cotts' team located in the Mount Newman office in Perth, resulting in a detailed cost and engineering appraisal.

The plant will be capable of converting 7 million tonne/year of low grade iron ore into 5 million tonnes of high grade iron ore. After crushing, the low grade ore which would otherwise have gone to waste, will be beneficiated in the Mitchell Cotts-designed heavy media separation plant.

Mitchell Cotts (based in London at Cotts House, Camomile St., London EC3A 7BJ and in Australia at 246 St. George's Terrace, Perth, W.A. 6000) is a major constructor of mineral processing, beneficiation and metallurgical plants in Australia and worldwide. The company recently brought on-stream an 18 million tonne/year heavy media separation complex for South Africa's Iscor—the Sishen-Saldanha iron ore export project. This was reportedly the largest concentrator of its type in the world.

Table 2. Pumping requirements (m³/h)

	Heavy Medium	Dilute Medium	Mag. Sep. Tails	Iron Ore Slurry	Fine Tailings
Cyclone Plants	1800	1350	—	—	—
80 x 30 drum plant	490	450	420	—	—
30 x 6 drum plants	600	900	840	—	—
Washing Plant				1500	
WHIMS Plant				676	
Thickener					315

