



2646

Premier of Western Australia

Our Ref: D13822

Mr Clive Palmer
Chairman
Mineralogy Pty Ltd
GPO Box 1538
BRISBANE QLD 4001

Dear Mr Palmer

SINO IRON PROJECT – PELLET PLANT LOCATION

I am writing to enquire about the progress made by Mineralogy Pty Ltd (Mineralogy) in acquiring the appropriate tenure for the pellet plant to be constructed as part of the Sino Iron Pellet Project to be relocated to Cape Preston.

For the pellet plant to be constructed other than at its approved location, Mineralogy, as the title holder, must initiate a conditional surrender for the part of General Purpose Lease 08/52 which is proposed to be the new location of the pellet plant.

I also understand that the process by which a conditional surrender occurs means that at no time would Mineralogy lose the exclusive rights to the land conferred on it by the *Mining Act 1978*.

I would appreciate you writing to me to advise of Mineralogy's progress in relation to this matter.

Yours sincerely

Colin Barnett MLA
PREMIER; MINISTER FOR STATE DEVELOPMENT

06 JUL 2009



Premier of Western Australia

Our Ref: 200905399

Mr Clive Palmer
Chairman
Mineralogy Pty Ltd
GPO Box 1538
BRISBANE QLD 4001

Dear Mr Palmer

SINO IRON PROJECT – PELLET PLANT LOCATION

I refer to your letter of 9 July 2009 in which you request the resumption of land at Cape Preston for the relocation of the pellet plant to be constructed as part of the Sino Iron Project. I do not consider this course of action appropriate and reiterate that a conditional surrender of that part of General Purpose Lease 08/52 on which you wish to locate the pellet plant is the best course of action.

I understand that an Indigenous Land Use Agreement signed by Mineralogy Pty Ltd, CITIC Pacific Pty Ltd, and the native title claimant groups of the Cape Preston area provides a mechanism by which a conditional surrender may occur without the need for a prolonged Native Title process.

As previously advised, the surrender of part of G08/52 would be conditional on the grant of a new title over the same area and therefore that at no time would Mineralogy lose the exclusive rights to the land conferred on it by the *Mining Act 1978*.

Yours sincerely

Colin Barnett MLA
PREMIER; MINISTER FOR STATE DEVELOPMENT

11 AUG 2009



Premier of Western Australia

Our Ref: 200906474

Mr Clive Palmer
Chairman
Mineralogy Pty Ltd
GPO Box 1538
BRISBANE QLD 4001

Dear Mr Palmer

SINO IRON PROJECT – PELLET PLANT LOCATION

I refer to your letter of 17 August 2009 regarding the location of the pellet plant to be constructed as part of the Sino Iron Project and reiterate that a conditional surrender of that part of General Purpose Lease 08/52, on which you wish to locate the pellet plant, is the appropriate course of action.

Mineralogy Pty Ltd (as proponent) and Sino Iron Pty Ltd (as co-proponent) of the approved Sino Iron Project have an obligation to construct the pellet plant under the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002*. As you are aware, a failure to do so would be a default of the proponent obligations under the Agreement Act.

If you would like to discuss the matter further please contact Mr Peter King (9222 0588) at the Department of State Development.

Yours sincerely

Colin Barnett MLA
PREMIER; MINISTER FOR STATE DEVELOPMENT

16 SEP 2009



Premier of Western Australia

Our Ref: 200907465

Mr Clive Palmer
Chairman
Mineralogy Pty Ltd
PO Box 8225
GOLD COAST MC QLD 4217

Dear Mr Palmer

**IRON ORE PROCESSING (MINERALOGY PTY LTD) AGREEMENT ACT 2002 –
CLAUSE 27 TAKING OF LAND (GENERAL PURPOSE LEASE 08/52)**

I refer to your letter of 21 September 2009 requesting the State to resume under clause 27(1) of the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002* (the Agreement) Mineralogy's General Purpose Lease 08/52 (G08/52), together with the underlying native title rights.

It is my understanding (notwithstanding the reference to Korean Steel Pty Ltd in your letter) that this latest request again refers to the relocation of the Sino Iron Pellet Plant.

Under clause 27(1) of the Agreement, the prerequisites to the taking powers are:

- (a) the project proponents for the relevant project to be of the opinion that the resumption is necessary for the project; and
- (b) the Agreement Minister to determine that it is appropriate for the land (and in this case the underlying native title rights) to be taken for the project.

It is noted that the State has not been advised of the opinion of Sino Iron Pty Ltd (as a project proponent) with respect to the requested taking.

It is not apparent why the taking of G08/52 is necessary or appropriate, given that Mineralogy can conditionally surrender it to enable the relocation of the pellet plant. In that regard, I would therefore reiterate my previous advice of both 16 September 2009 and 11 August 2009, namely that conditional surrender by Mineralogy is the appropriate course of action.

If the project proponents are of the opinion that a legal impediment prevents conditional surrender occurring, it is requested that you provide your detailed legal argument direct to the Department of State Development for its consideration, including information demonstrating that the taking of this land is necessary, appropriate and cannot otherwise be secured.

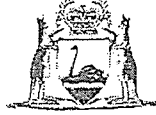
If you would like to discuss the matter further, please contact Mr Peter King (08 9222 0588) at the Department of State Development.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Colin Barnett', with a stylized, cursive script.

Colin Barnett MLA
PREMIER; MINISTER FOR STATE DEVELOPMENT

27 OCT 2009



Premier of Western Australia

Our Ref: 200907466

Mr Clive Palmer
Mineralogy Pty Ltd
PO Box 5225
GOLD COAST MC QLD 4217

Dear Mr Palmer

**IRON ORE PROCESSING (MINERALOGY PTY LTD) AGREEMENT ACT 2002
(STATE AGREEMENT) – CLAUSE 27 TAKING OF LAND (EXPLORATION
LICENCE 08/118)**

I refer to your letter of 21 September 2009 requesting the State to resume, under clause 27(1) of the State Agreement, the land covered by exploration licence 08/118 held by Mineralogy Pty Ltd (Mineralogy), together with the underlying native title rights, to enable Mineralogy to be granted a mining lease over the land.

Under clause 27(1) of the State Agreement, the prerequisites to the taking powers are:

- (a) the project proponents for the relevant project being of the opinion that the resumption is necessary for the project; and
- (b) the Agreement Minister to determine that it is appropriate for the land (and in this case the underlying native title rights) to be taken for the project.

At this stage, Mineralogy has not identified a specific project or project proponent (that is not Mineralogy) in respect of the proposed taking. In addition, relevant project proposals in respect of which the taking is required, have not been submitted, including for the grant of the mining lease pursuant to clause 10(1) of the State Agreement.

It is also not apparent why the taking of Mineralogy's title, pursuant to clause 27(1), would be necessary or appropriate given it can simply surrender its title (which is, in fact, required by clause 10(1) of the Agreement) to convert to a mining lease pursuant to the State Agreement. Mineralogy's desire to quickly obtain a mining lease does not of itself establish that it is necessary or appropriate to take any underlying native title rights.

Alternatively, if Mineralogy is not yet ready to submit project proposals and able to meet the prerequisites of clause 27(1) of the State Agreement, it may choose to exercise its rights under section 67 of the *Mining Act 1978* to convert to a mining lease.

However, as you will be aware under clause 9(2)(c)(iv) of the State Agreement, the mining of iron ore from such mining lease (other than for exploration, bulk sampling or testing) may not be undertaken other than as part of a project subject to and in accordance with the State Agreement.

If you would like to discuss the matter further, please contact Mr Peter King (08 9222 0588) at the Department of State Development.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Colin Barnett', with a long horizontal flourish extending to the right.

Colin Barnett MLA
PREMIER; MINISTER FOR STATE DEVELOPMENT

27 OCT 2009



Premier of Western Australia

Our Ref: 200908813

Prof Clive Palmer
Chairman
Mineralogy Pty Ltd
GPO Box 1538
BRISBANE QLD 4001

Dear Mr Palmer

SINO IRON PROJECT AND KOREAN STEEL PROJECT – ADDITIONAL PROJECT PROPOSALS

I refer to the additional project proposals for the Sino Iron and Korean Steel Projects, titled "Second Korean Steel Concentrate Proposal" and "Second Sino Iron Concentrate Proposal" submitted to me on 10 November 2009, in accordance with the requirements of the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement 2002* (State Agreement).

In particular, I note that environmental approval for the Project was granted on 3 July 2009, permitting the production of iron ore concentrate to be increased from 19.6 million tonnes per annum (Mtpa) to 27.6 Mtpa, and that the project proposal addresses all of the matters mentioned in sub-clause 6(2) of the Agreement relating to the local content policy outlined in the already approved proposal for the Sino Iron Pellet Plant Project.

Accordingly, I am pleased to provide my approval of the additional project proposals in accordance with clauses 7(1) and (2) of the State Agreement. Specifically, my approval authorises the expansion of the two projects to support production and export of 27.6 Mtpa of iron ore concentrate (in addition to the 6 Mtpa of pellets for the Sino Iron Project), with Sino Iron and Korean Steel each being permitted to produce and export 13.8 Mtpa of iron ore concentrate.

I have also written to Mr Barry Fitzgerald of Sino Iron Pty Ltd in relation to this matter.

I wish you every success with the development of the Sino Iron and Korean Steel Projects at Cape Preston.

Yours sincerely

Colin Barnett MLA
PREMIER; MINISTER FOR STATE DEVELOPMENT

06 JAN 2010

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Premier of Western Australia

Our Ref: D14043

Mr Clive Palmer
Chairman
Mineralogy Pty Ltd
GPO Box 1538
BRISBANE QLD 4001

Dear Mr Palmer

SINO IRON PROJECT AND KOREAN STEEL PROJECT – ADDITIONAL PROJECT PROPOSALS – NOVEMBER 2009

I refer to my letter to you of 6 January 2010 in relation to the Second Korean Steel Concentrate Proposal and the Second Sino Iron Concentrate Proposal. It has since been brought to my attention that my letter contains an inadvertent error. The letter referred to a total concentrate production of 33.6 million tonnes per annum (Mtpa), which is inconsistent with the additional project proposals lodged on 10 November 2009 under the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement 2002* (State Agreement), as well as the approval granted pursuant to the Environmental Protection Act on 3 July 2009.

For the avoidance of doubt, I confirm that the approval letter dated 6 January 2010 should have read:

"Accordingly, I am pleased to provide my approval of the additional project proposals in accordance with clauses 7(1) and 7(2) of the State Agreement. Specifically, my approval authorises the expansion of the two projects to support:

- *Total combined production of 27.6 Mtpa of iron ore concentrate;*
- *Sino Iron and Korean Steel each being permitted to produce 13.8 Mtpa of iron ore concentrate; and*
- *Combined exports of 21.6 Mtpa of iron ore concentrate (i.e. 13.8 Mtpa from Korean Steel and 7.8 Mtpa from Sino Iron), in addition to exports of 6 Mtpa of pellets from the Sino Iron Project."*

I trust that the previous advice sent to you has not caused any concern or inconvenience for your company. I have also written to Mr Barry Fitzgerald of Sino Iron Pty Ltd in relation to this matter.

Yours sincerely

Colin Barnett MLA
PREMIER; MINISTER FOR STATE DEVELOPMENT

15 FEB 2010

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Telephone: +61 8 9222 9888 Facsimile: +61 8 9322 1213 Email: WA-Government@dpc.wa.gov.au



Premier of Western Australia

Our Ref:

M24-32664

Mr Barry Fitzgerald
Company Representative
CITIC Pacific Mining Management Pty Ltd
GPO Box 2732
PERTH WA 6001

Dear Mr Fitzgerald

**IRON ORE PROCESSING (MINERALOGY PTY LTD) AGREEMENT 2002 –
GRANT OF SECURITIES BY SINO IRON PTY LTD TO BANK OF CHINA
LIMITED**

Thank you for your letter dated 20 April 2010.

I confirm my consent pursuant to clause 31(1) of the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement 2002* (State Agreement) as varied, to a Deed of Charge over all of Sino Iron Pty Ltd's interests in the State Agreement to the Bank of China Limited. Enclosed are three original copies of the executed ministerial consent.

An original copy of the ministerial consent and an executed copy of the Deed of Charge have been retained by the State for its records.

Yours sincerely

Colin Barnett MLA
PREMIER; MINISTER FOR STATE DEVELOPMENT

21 April 2010

Enc.