

COMMITTEE NOTES

IRON ORE (MOUNT NEWMAN), (MOUNT GOLDSWORTHY), (GOLDSWORTHY-NIMINGARRA), (MARILLANA CREEK), (McCAMEY'S MONSTER), IRON ORE – DIRECT REDUCED IRON (BHP) AND IRON ORE BENEFICIATION (BHP) AGREEMENTS

1. Supply of Water

The Iron Ore (Mount Goldsworthy), (Mount Newman), Iron Ore – Direct Reduced Iron (BHP) and Iron Ore Beneficiation (BHP) Agreements are to be varied to provide for the transfer of the state's obligations to supply water under these agreements to a single water supply contract. This contract is to be entered into between BHP iron ore and the water corporation.

The aim of this variation is to provide the same certainty for the access and terms of water supply as currently exist pursuant to the water entitlements under the relevant state agreements.

Basically, this contract is for the term of the Iron Ore – Direct Reduced Iron (BHP) agreement, which is 60 years, and contains an option for a further 45 years. This will replace the existing open-ended obligations contained within the old agreements.

2. Underwater Tunnel

The Iron Ore (Mount Newman) Agreement needs to be varied to allow for a lease to be granted in respect of the underwater tunnel between Finucane Island and Nelson Point at Port Hedland.

The variation will permit the Port Hedland Port Authority to grant a lease for a term consistent with the term of the Direct Reduced Iron and Beneficiation Agreements.

3. Royalty Rates

The Iron Ore (Mount Newman), (Mount Goldsworthy), (Marillana Creek) and (McCamey's Monster) Agreements are to be varied to provide for the application of existing royalty rates for ore used in the beneficiation plant.

4. **Occupancy Rights Over TR3156H**

The Iron Ore (Mount Goldsworthy) Agreement is to be varied to provide for the establishment of occupancy rights over Temporary Reserve 3156H, which is held by BHP under the Agreement.

5. **Percentage Shareholding**

The Iron Ore (Mount Goldsworthy) and (Goldsworthy-Nimingarra) Agreements are to be varied to allow leases to be granted to the Joint Venturers in accordance with the current disparate percentage shareholding of each party to the Agreements.

The Agreements currently provide for the granting of leases to the Joint Venturers in equal shares only.

6. **General Purpose Leases**

The Iron Ore (Mount Goldsworthy) Agreement is to be varied to allow the granting of general purpose leases under the Agreement for areas in excess of 10 hectares.

BHP initially requested the variation to provide certainty, rather than waiting for the Mining Act amendments to become operative, which has now occurred.

7. **Stamp Duty Exemption**

The Iron Ore – Direct Reduced Iron (BHP) and Iron Ore Beneficiation Agreements are to be varied to extend the period of stamp duty exemption under these two Agreements from 31 December 1998 to **31 December 2000**.

BHP has not sought to exercise its rights for a stamp duty exemption in relation to any assignment, sublease or disposition of assets for the beneficiation or HBI projects during the current exemption period.