IRON ORE (DAMPIER MINING COMPANY LIMITED) AGREEMENT.

No. 78 of 1969.

AN ACT to ratify an agreement between the State and Dampier Mining Company Limited relating to certain iron ore deposits, and for other purposes.

[Assented to 7th November, 1969.]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and the Legislative Assembly of Western Australia, in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Iron Ore short title. (Dampier Mining Company Limited) Agreement Act, 1969.

2. (1) The agreement, a copy of which is set out Ratification in the Schedule to this Act, is ratified.

(2) Notwithstanding any other Act or law, the agreement shall, subject to its provisions, be carried out and take effect as though those provisions had been expressly enacted in this Act.

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S. 2.

SECOND SCHEDULE.

AN AGREEMENT under seal made the 30th day of September One thousand nine hundred and sixty-nine BETWEEN THE HONOURABLE SIR DAVID BRAND, K.C.M.G. M.L.A. Premier and Treasurer of the State of Western Australia acting for and on behalf of the Government of the said State and instrumentalities thereof from time to time (hereinafter referred to as "the State") of the one part and DAMPIER MINING COMPANY LIMITED a company incorporated under the Companies Act of the State of Western Australia and having its registered office at 37 St. George's Terrace, Perth, in the said State" (hereinafter called "the Company" which term shall include its successors and permitted assigns) of the other part.

WHEREAS-

- (a) The State and The Broken Hill Proprietary Company Limited (hereinafter called "B.H.P.") have entered into an agreement (which agreement is set out in the Schedule to the Iron Ore (The Broken Hill Proprietary Company Limited) Agreement Act, 1964, and is hereinafter referred to as "the principal agreement"), for the mining by B.H.P. of iron ore in an area therein defined (which area is hereinafter referred to as "the Deepdale area") and for the establishment by B.H.P. of certain port and railway facilities to be used for the transportation of such iron ore and for the construction and establishment within the said State of plant for the secondary processing of iron ore and with regard to other matters. All rights of B.H.P. under the principal agreement have been duly assigned with the approval of the State to the Company and the Company has duly executed and delivered to the State deeds of covenant as required by Clause 27 (i) of the principal agreement.
- (b) The State and Basic Materials Pty. Limited have entered into an agreement (which agreement is set out in the Schedule to the Iron Ore (Cleveland-Cliffs) Agreement Act, 1964, and is hereinafter referred to as "the Cleveland-Cliffs Agreement") for the mining by the Company of iron ore in an area therein defined (which area is hereinafter referred to as "the Robe River area") and for the establishment by that Company of a railway, iron ore pellet plant and port for the transportation and pelletisation of such ore and with regard to other matters. All rights of Basic Materials Pty. Limited under the Cleveland-Cliffs Agreement have been duly assigned with the approval of the State to Cliffs International, Inc. a wholly owned subsidiary

of The Cleveland Cliffs Iron Company and incorporated under the laws of the State of Ohio one of the United States of America and registered as a foreign company under the Companies Act of Western Australia and having its registered office in the said State at 84 St. George's Terrace Perth (hereinafter called "Cliffs") and Cliffs has duly executed and delivered to the State deeds of covenant as required by Clause 13 (1) of the Cleveland-Cliffs Agreement.

- (c) The Deepdale and Robe River areas are adjacent and the Company and Cliffs have now entered into an agreement (hereinafter referred to as "the Companies Agreement") which provides for various consultation and co-operation between them and, subject to any necessary consents of the State for—
 - (i) the Company to make available to Cliffs from the Deepdale area an amount of up to ONE HUNDRED AND FIFTY MILLION (150,000,000) tons of iron ore or such larger amount as the Company may be obliged to make available;
 - (ii) Cliffs to make available for purchase by the Company any iron ore that the Company may require up to an amount of TWO MILLION (2,000,000) tons per annum (or such larger amount as the Companies may agree);
 - (iii) a right to the Company to purchase part of the railway facilities and/or part or the whole of the port facilities to be provided by Cliffs pursuant to its obligations under the Cleveland-Cliffs Agreement;
 - (iv) consultation together as to the technical and commercial feasibility of co-operation to increase the capacity of the pelletising facilities at Cape Lambert in order to produce iron ore pellets for the Company.
- (d) The State, the Company and Cliffs have now agreed that Cape Lambert is a more desirable port site for the initial development of the deposits in the Robe River and Deepdale areas than those considered earlier. Cliffs has already submitted proposals for the development of certain facilities at Cape Lambert.
- (e) In view of the Companies Agreement, it is desirable and is in accordance with the provisions of Clause 28 of the principal agreement that there should be some addition to the various rights and obligations of the parties created by the principal agreement and by the Cleveland-Cliffs Agreement.

NOW THIS AGREEMENT WITNESSETH:

1. Except as hereinafter provided nothing in this Agreement shall affect the rights or obligations of either party arising under the principal agreement.

2. This Agreement, except for this clause, shall not come into operation unless ratified by an Act of the Parliament of the said State.

3. If an Act to ratify this Agreement is passed by the Parliament of the said State the provisions of this Agreement shall take effect as though the same had been enacted by the ratifying Act and the State and the Minister shall, for the purpose of implementing this Agreement, have all the powers discretions and authorities conferred on them respectively by the principal agreement for the purpose of implementing that agreement.

4. (1) On application by the Company for a mineral lease of any part or parts (not exceeding in total area three hundred (300) square miles) of the temporary reserves referred to in Clause 7 of the principal agreement, which application may be made at any time after the coming into operation of this Agreement, the State shall cause to be granted to the Company a mineral lease thereof for iron ore pursuant to Clause 8 of the principal agreement but in the form of the Schedule hereto (notwithstanding that any survey in respect thereof has not been completed) for the term of twenty-one (21) years from the date of such grant with rights to successive renewals of twenty-one (21) years each upon the same terms and conditions subject to the performance and observance by the Company of the obligations herein provided for and except as provided in this Agreement subject to the payment of the rents and royalties provided for in the principal agreement PRO-VIDED HOWEVER THAT the quantity of iron ore which may be extracted and removed from the leased area shall not exceed ONE HUNDRED AND FIFTY MILLION (150,000,000) tons (or such larger amount as the Company may be obliged to make available to Cliffs) unless and until the proposals mentioned in Clause 18 of the principal agreement have been finally approved or determined or until the conditions of Clause 11 (2) of this Agreement have been fulfilled AND PROVIDED FURTHER THAT if the requirements of the said Clause 18 be not fulfilled within the time limited in that behalf (unless by that time the conditions of Clause 11 (2) have been fulfilled) the mineral lease shall be subject to determination upon the cessation or determination of this Agreement or if within twelve (12) months from the determination of any sublease granted by the Company to Cliffs the Company shall not have made to the

State bona fide proposals for the carrying on of operations for the extraction and treatment and sale or use of the remaining balance of the amount of ore referred to in the first proviso to this subclause.

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(2) The mineral lease herein provided for may be sub-let to Cliffs for the purpose of enabling Cliffs to mine the quantity of iron ore referred to in subclause (1) of this Clause.

5. The Minister shall before approving or rejecting any proposals (whether original or amended) submitted to him by Cliffs for the construction of a spur railway from Cliffs' railway to the Deepdale deposits submit those proposals to the Company to enable it to make such representations thereon as it sees fit, and shall thereafter afford Cliffs reasonable opportunity to submit amended proposals (or, as the case may be, further amended proposals) which take account of the representations made by the Company.

6. The State shall in accordance with the terms of the Cleveland-Cliffs Agreement (as amended) grant to Cliffs a lease or leases of an area near Cape Lambert in the said State previously agreed to by the Company sufficient to provide—

- (a) for the development by Cliffs of the facilities which that company has undertaken to establish at Cape Lambert pursuant to the terms of the Cleveland-Cliffs Agreement, and
- (b) for use by or on behalf of the Company for facilities for the handling and treatment of Deepdale ore.

7. In order to permit the maximum future use to be made of the Cape Lambert area as an industrial and port facility for the hinterland the State shall reserve until the 31st day of December, 1975, the Cape Lambert area and the surrounding area (but with provision for the granting of the lease contemplated in Clause 6 hereof) and until that time shall take all practicable administrative steps to prevent any development on such area likely to interfere with this use. The reservation shall extend over such area as may be agreed upon between the Company and the State.

8. The Minister shall before approving or rejecting any proposals (whether original or amended) submitted to him by Cliffs for the lay-out of the port and harbour and of the ore treatment and handling facilities at or near the port submit those proposals to the Company to enable it to make representations thereon.

9. (1) The Company may not later than the 30th day of June, 1975, submit to the Minister proposals for—

- (a) the establishment on a defined area within that part of Cape Lambert as has been reserved pursuant to Clause 7 hereof of such facilities as the Company may desire for the purpose of exploiting the iron ore deposits in the Deepdale area in accordance with the principal agreement; or
- (b) the general development of the whole of the area reserved pursuant to Clause 7 hereof which proposals may seek provision for the establishment of the facilities referred to in paragraph (a) of this subclause (1).

(2) If the Company submits proposals pursuant to subclause (1) of this Clause and there is, before the 31st day of December, 1975, agreement between the Company and the Minister as to how the area in question should be developed or by that time any dispute involving such proposals has been or is being settled in the manner hereinafter provided the State shall extend from time to time the reservation referred to in Clause 7 hereof for such period or periods as shall reasonably be required to give assurance that the area involved in the proposals will be available for these developments.

(3) Any proposals submitted by the Company pursuant to subclause (1) of this Clause shall be dealt with in the same manner as is prescribed in Clause 19 of the principal agreement for dealing with the detailed proposals therein mentioned.

(4) Any proposals submitted by the Company pursuant to subclause (1) of this Clause shall have regard to the general development of the Cape Lambert area, both on-shore and off-shore, with a view to the possible use of the area by others.

(5) Nothing in this Clause shall be construed as involving the Company in any obligation to establish facilities required for the exploitation of the iron ore deposits in the Deepdale area any sooner than is required under the principal agreement.

10. Where the Minister has given his approval to proposals submitted by the Company pursuant to subclause (1) of Clause 9 or an arbitrator has decided in favour of the Company with regard to any dispute as to an alteration or condition which the Minister has sought to impose on any such proposal then, insofar as they concern things to be done by the Company, the Company will proceed with the

implementation of the proposals as so approved and in the case of proposals submitted under paragraph (b) of subclause (1) of Clause 9 so as substantially to complete the implementation thereof by the 31st day of December, 1980 or five years from the approval of the Minister or the decision of the Arbitrator, whichever is the latest.

11. (1) If the Company elects to exercise either or both of the options conferred on it by the Companies Agreement and respectively entitling it to purchase part of the rail facilities and/or part or the whole of the port facilities established by Cliffs in accordance with the terms of the Cleveland-Cliffs Agreement it shall furnish to the Minister forthwith true copies of—

- (i) the financial statements and supporting data supplied to the Company by Cliffs in establishing the original cost of the facilities in respect of which the Company shall have elected to exercise its option, and
- (ii) the Company's notice to Cliffs of its election to exercise such option which notice shall show the percentage interest in such facilities to be acquired by the Company.

(2) The Minister will discharge the Company from its obligations under paragraphs (a) to (e) (both inclusive) of Clause 11 and under Clauses 15, 16 and 18 of the principal agreement and the provisoes to subclause (1) of Clause 4 of this Agreement shall no longer apply to the mineral lease if:—

- (a) the permanent ore producing capacity of Cliffs has been increased by an amount of at least TWO MILLION (2,000,000) tons per annum in consequence of the Company's having exercised its right to purchase ore from Cliffs as provided in the Companies Agreement; or
- (b) in exercise of the options referred to in subclause (1) of this Clause, the Company has elected to purchase a one half interest in the railway facilities or at least a one half interest in the port facilities provided by Cliffs; or
- (c) the Company has become obliged to carry out proposals for development submitted pursuant to paragraph (b) of subclause (1) of Clause 9 hereof.

(3) If the Company causes Cliffs to increase the capacity of its secondary processing plant by purchasing processed material or otherwise or if the capacity of Cliffs' secondary processing plant be added to by agreement

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between Cliffs and the Company then in either case the increase shall be regarded as satisfying or partly satisfying (as the case may be) the Company's obligation under the provisions of subclause (c) of Clause 14 of the principal agreement.

(4) Any expense to the Company involved in meeting all or any of the commitments mentioned in paragraphs (a) and (c) of subclause (2) hereof and in subclause (3) hereof and that part of the original cost of the port and railway which is attributable to the interests therein purchased by the Company as mentioned in paragraph (b) of subclause (2) hereof shall be regarded as satisfying pro tanto the Company's obligation under Clause 13 (1) of the principal agreement. Except as provided in this subclause nothing in this Agreement shall effect any diminution of the obligation of the Company under the said Clause 13 (1) to expend a sum of not less than TWENTY-FIVE MILLION POUNDS (£25,000,000) in providing the works and facilities therein referred to.

12. Any material breach by the Company of the Companies Agreement may be regarded by the State as a breach of this Agreement.

13. In any of the following events, namely if the Company shall make default in the due performance or observance of any of the covenants or obligations to the State contained in or arising under this Agreement or under the principal agreement or under any lease licence or other title or document granted or assigned under this Agreement or under the principal agreement and on its part to be performed or observed and shall fail to remedy that breach within reasonable time after notice specifying the breach is given to it by the State (or, if the alleged default is contested by the Company and promptly submitted to arbitration, within a reasonable time fixed by the arbitration award where the question is decided against the Company. the arbitrator finding that there was a bona fide dispute and that the Company had not been dilatory in pursuing the arbitration) or if the Company shall abandon or repudiate its operations under this Agreement or under the principal agreement or if the Company shall go into liquidation (other than a voluntary liquidation for the purpose of reconstruction) then and in any of such events the State may by notice to the Company determine this Agreement and thereupon the rights of the Company hereunder and under any lease licence easement or right granted hereunder or pursuant hereto shall thereupon determine PROVIDED HOWEVER THAT if the Company shall fail to remedy any default after such notice or within the time fixed by the

arbitration award as aforesaid the State instead of determining this Agreement as aforesaid because of such default may itself remedy such default or cause the same to be remedied (for which purpose the State by agents workmen or otherwise shall have full power to enter upon lands occupied by the Company and to make use of all plant machinery equipment and installations thereon) and the costs and expenses incurred by the State in remedying or causing to be remedied such default shall be a debt payable by the Company to the State on demand.

14. (1) The provisions of paragraphs (a) (b) (c) (d) (f) (h) and (i) of subclause (1) and subclause (2) of Clause 21 of the principal agreement shall, where appropriate, apply mutatis mutandis to the operation and control and management of any facilities acquired or established by the Company at Cape Lambert.

(2) The following provisions of the principal agreement shall, mutatis mutandis, be deemed to be incorporated with and to form part of this agreement—

- (i) paragraph (e) of subclause (1) of Clause 21;
- (ii) paragraphs (a) (b) (c) (d) (e) (f) (g) (h) (i) (j)
 (k) and (m) of Clause 22;
- (iii) Clause 23;
- (iv) Clauses 25 to 39 (both inclusive).

(3) Notwithstanding the provisions of this Agreement and of Clause 10 of the principal agreement the rates of royalty set out in Clause 9 of the Cliffs Agreement shall apply to ore mined by Cliffs or sold by the Company to Cliffs from the areas referred to in Clause 4 hereof for use or sale by Cliffs other than sale to the Company.

(4) Notwithstanding the provisions of Clause 9 of the Cliffs Agreement the rates of royalty set out in Clause 10 of the principal agreement shall apply to ore mined by Cliffs and sold to the Company.

15. The State will permit the appropriate transfers and assignments of interests in leases licences and other rights in property necessary to give effect to the exercise by the Company of its several options to purchase interests in the port and railway to be constructed by Cliffs. 1969.]

Iron Ore (Dampier Mining [No. 78. Company Limited) Agreement.

THE SCHEDULE HEREINBEFORE REFERRED TO:

WESTERN AUSTRALIA

IRON ORE (DAMPIER MINING COMPANY LIMITED) AGREEMENT ACT, 1969

MINERAL LEASE

ELIZABETH THE SECOND by the Grace of God of the United Kingdom, Australia and Her other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith:

TO ALL TO WHOM THESE PRESENTS shall come GREETINGS:

KNOW YE that WHEREAS by an Agreement made between the State of Western Australia and Dampier Mining Company Limited (hereinafter called "the Company" which expression includes its successors and permitted assigns) which Agreement was ratified by the Iron Ore (Dampier Mining Company Limited) Agreement Act, 1969, (which agreement is hereinafter referred to as "the Dampier Agreement") the said State agreed to grant to the Company a mineral lease under clause 8 of an Agreement made between the said State and The Broken Hill Proprietary Company Limited (hereinafter called "Broken Hill" which expression includes its successors and permitted assigns) which Agreement was ratified by the Iron Ore (The Broken Hill Proprietary Company Limited) Agreement Act, 1964, (which agreement is hereinafter referred to as "the Broken Hill Agreement") NOW WE in consideration of the rents and royalties reserved by the said Agreements and by this lease and in consideration of the provisions of the said Agreements and in pursuance of the said Acts DO BY THESE PRESENTS GRANT AND DEMISE unto the Company subject to the provisions of the said Agreements ALL THOSE pieces and parcels of land delineated on the plan in the schedule hereto situate in the Pilbara, West Pilbara and Ashburton Goldfields as are referred to in the said Agreements and all those mines, veins, seams, lodes and deposits of iron ore in on or under the said land (hereinafter called "the said mine") together with all rights, liberties, easements, advantages and appurtenances thereto belonging or appertaining to a lessee of a mineral lease under the Mining Act, 1904, including all amendments thereof for the time being in force and all regulations made thereunder for the time being in force (which Act and regulations are hereinafter referred to as "the Mining Act") or to which the Company is entitled under the Agreements TO HOLD

the said land and mine and all and singular the premises hereby demised for the full term of twenty-one years from day of 19 with the right the to renew the same from time to time for further periods each of twenty-one years as provided in but subject to the said Agreements for the purposes upon and subject to the terms covenants and conditions set out in the said Agreements, in this lease and in the Mining Act (as modified by the said Agreements) YIELDING and paying therefor the rent and royalties as provided for in the said Agreements and in this lease AND WE do hereby declare that this lease is subject to the observance and performance by the Company of the following covenants and conditions that is to say:---

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- 1. The Company shall pay to the State—
 - (a) in respect of all iron ore taken by Cliffs International Inc. (in this lease hereinafter referred to as "Cliffs" which expression includes its successors and permitted assigns) under any sublease granted by the Company and shipped, sold or used by Cliffs all such rentals and royalties as would have been payable to the State by Cliffs had such iron ore been taken by Cliffs under a lease granted pursuant to the agreement approved by the Iron Ore (Cleveland-Cliffs) Agreement Act, 1964, and shipped, sold or used by that company; except that with regard to iron ore taken under any such sublease which Cliffs sells to the Company the Company shall pay such rentals and royalties as are provided for in the Broken Hill Agreement;
 - (b) in respect of all iron ore taken from the leased area by the Company (if and when in accordance with the terms of the said Agreements and of this lease, it becomes entitled to take iron ore from the area) and shipped sold or used, all such rentals and royalties as are provided for in the Broken Hill Agreement; except that with regard to any such ore that it sells to Cliffs the Company shall pay the same rentals and royalties as would have been payable to the State by Cliffs had such iron ore been taken by Cliffs under a lease granted pursuant to the agreement approved by the Iron Ore (Cleveland-Cliffs) Agreement Act, 1964, and shipped sold or used by that company.

2. (a) The Company shall within fourteen (14) days after the quarter days (the last days of March June September and December in each year) commencing with the quarter day next following the first commercial extraction of iron ore from the area furnish to the Minister for Mines a return

showing the quantity of all iron ore the subject of royalty hereunder and shipped sold used or produced by Cliffs during the quarter immediately preceding the due date of the return, specifying what proportion thereof (if any) has been sold by Cliffs to the Company.

(b) If and when it becomes entitled to take iron ore from the leased area the Company shall add to the returns mentioned in paragraph (a) of this condition all such particulars as are necessary for compliance with the requirements of subclause (2) of clause 10 of the Broken Hill Agreement.

(c) Rentals and royalties shall be calculated and paid in accordance with the procedures specified in subclause (2) of clause 10 of the Broken Hill Agreement and the provisions of subclause (3) of the last mentioned clause shall apply *mutatis mutandis*.

3. Unless and until in accordance with and within the times contemplated by clause 4 (1) of the Dampier Agreement—

- (a) the proposals mentioned in clause 18 of the Broken Hill Agreement have been finally approved or determined, or
- (b) the conditions of clause 11 (2) of the Dampier Agreement have been fulfilled,

then---

- (i) the leased area and the said mine shall be used only for the purpose of providing iron ore for Cliffs, and
- (ii) this lease shall determine if and when there has been extracted and removed from the leased area One Hundred and Fifty Million (150,000,000) tons of iron ore (or such larger amount as the Company may be obliged to make available to Cliffs), or if within twelve (12) months from the determination of any sublease granted by the Company to Cliffs the Company shall not have made to the State bona fide proposals for the carrying on of operations for the extraction and treatment and sale or use of the remaining balance of the amount of ore referred to in this paragraph.

4. Subject to the provisions of the said Agreements the Company shall and will observe, perform and carry out the provisions of the Mines Regulation Act, 1946, and all amendments thereof for the time being in force and the regulations for the time being in force made thereunder

and subject to and also (as modified by the said Agreements) the Mining Act so far as the same affect or have application to this lease.

PROVIDED THAT this lease and any renewal thereof shall not be determined or forfeited otherwise than under and in accordance with the provisions of the said Agreements.

PROVIDED FURTHER that all mineral oil on or below the surface of the demised land is reserved to Her Majesty or any person claiming under her or lawfully authorised in that behalf to have access to the demised land for the purpose of searching for and for the operations of obtaining mineral oil in any part of the land under the provisions of the Petroleum Act, 1936, or the Petroleum Act, 1967.

IN WITNESS WHEREOF we have caused our Minister for Mines to affix his seal and set his hand hereto at Perth in our said State of Western Australia and the common seal of Dampier Mining Company Limited was hereunto affixed by authority of the Board of Directors this day of 19

IN WITNESS whereof these presents have been executed the day and year first hereinbefore written.

SIGNED SEALED AND DELIVERED by the said THE HONOURABLE SIR DAVID BRAND, K.C.M.G., M.L.A. in the presence of—

DAVID BRAND [L.S.]

C. W. COURT, Minister for Industrial Development.

> ARTHUR GRIFFITH. Minister for Mines.

THE COMMON SEAL of DAMPIER MINING COMPANY LIMITED was hereunto affixed by authority of the Board of Directors-

[C.S.]

Director.

IAN M. McLENNAN

Secretary. R. G. WALLACE