

ON APPEAL
FROM THE SUPREME COURT OF
NEW SOUTH WALES
EQUITY DIVISION

IN PROCEEDINGS 292 OF 1973

QUEENSLAND MINES LIMITED

Appellant (Plaintiff)

ERNEST ROY HUDSON,

SAVAGE IRON INVESTMENTS PTY. LIMITED

and

INDUSTRIAL AND MINING INVESTIGATIONS PTY. LIMITED

Respondents (Defendants)

TRANSCRIPT RECORD OF PROCEEDINGS

PART II

Volume VI

SOLICITORS FOR THE APPELLANT

Allen Allen & Hemsley,
2 Castlereagh Street,
Sydney. N.S.W.

By their Agents:

Slaughter & May,
35 Basinghall Street,
London. EC2V 5DB U.K.

SOLICITORS FOR THE RESPONDENTS

Freehill, Hollingdale & Page,
60 Martin Place,
Sydney. N.S.W.

By their Agents:

Linklaters & Paines,
Barrington House,
59-67 Gresham Street,
London. EC2V 7JA U.K.

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"A5"	Letter Hudson to Symons	9 February, 1961	1364
"A7"	Copy letter Hudson to Strategic Materials Corporation	1 May, 1961	1409
"E1"	Minutes of meeting of Directors of Plaintiff	13 February, 1962	1544
"E2"	Minutes of meeting of Directors of Plaintiff	6 June, 1962	1569
"E8"	Minutes of meeting of Directors of Plaintiff	1 March, 1961	1373
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"E9"	Minutes of meeting of Directors of Plaintiff	27 April, 1961	1407
"Y"	Copy Deed between Hudson and Dubar Trading Pty. Limited	12 May, 1961	1416
"A0"	Bundle of correspondence between Hudson and Associated Diamond Drillers Pty. Limited	3 March, 1961	1374
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"AU"	Minutes of meeting of Directors of Kathleen Investments (Australia) Limited	9 February, 1961	1365
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"A15"	Letter Hudson to Symons and annexure	17 April, 1961	1393
"A16"	Letter Hudson to Symons	18 April, 1961	1401
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"A40"	Press report "The Mercury" taken from Mines Department file	27 September,	1961 1509
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"A46"	Undated letter from Hudson to Symons received	6 November, 1961	1519
3	Copy letter Hudson to Symons and annexure	18 August, 1961	1497
11	Copy Palmer's report concerning Nowa Nowa iron ore deposits	14 December, 1960	1345
12	Copy Palmer's three accounts relating to Nowa Nowa investigations	14 December, 1960 14 December, 1960 8 May, 1961	1350 1351 1352
18	Copy letter Hudson to Korman	30 November, 1960	1332
19	Copy letter Hudson to Korman	12 December, 1960	1344
20	Copy Application by Hudson for EL/5	23 February, 1961	1371
21	Letter Davies Campbell & Piesse to Hudson re Certificate of Registration of Stanhill Consolidated in Tasmania together with copy Certificate of Registration	27 January, 1961	1356
27	Letter Queensland Mines Limited to Dubar Trading Pty. Limited	20 March, 1962	1552
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28	Letter Murphy & Moloney to Hudson together with enclosed receipt and bundle of correspondence between Industrial & Mining Investigations Pty. Limited and Dubar Trading Pty. Limited	30 March, 1962 26 March, 1962 27 March, 1962 28 March, 1962 29 March, 1962	1559 1555 1556 1557 1558
29	Copy letter Duval Holdings Pty. Limited to Premier of Tasmania	26 March, 1962	1560
30	Copy letter Hudson to Associated Diamond Drillers Pty. Limited	5 April, 1961	1381

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33	Copy letter Hudson to Austin Anderson (Australia) Pty. Limited	31 July, 1961	1468
34	Copy letter American Metal Climax Inc. to Hudson	30 October, 1961	1512
35	Copy letter Strategic Materials Corporation to Hudson	1 November, 1961	1513
36	Copy letter Hudson to Symons	12 February, 1961	1542
37	Copy letter Symons to Hudson	19 March, 1961	1551
38	Copy letter Compagnie des Ateliers et Forges de la Loire to Hudson	24 April, 1962	1566
39	Copy letter Hudson to Symons	27 June, 1962	1577
40	Copy letter Hudson to Symons together with enclosures	15 August, 1962	1581
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45	Copy letter Symons to Hudson	25 September, 1962	1590
46	Copy letter Hudson to Symons	4 October, 1962	1591
47	Copy letter Hudson to Symons	8 October, 1962	1594
48	Copy letter Hudson to Symons	15 November, 1962	1596
49	Copy letter Hudson to Symons	16 November, 1962	1599
75	Draft statement by Hudson in early 1961		1353
78	Letter Strategic Materials Corporation to Hudson	1 June, 1961	1436

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81	Six letters Industrial & Mining Investigations to Symons	26 June, 1962	1571
		20 March, 1963	1572
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104	Minutes of meeting of Directors of Factors Limited	1 November, 1961	1514
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106	Minutes of meeting of Directors of Factors Limited	7 March, 1962	1547
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116	Minutes of meeting of Directors of Factors Limited	28 October, 1960	1329
117	Minutes of meeting of Directors of Factors Limited	7 February, 1961	1360
118	Minutes of meeting of Directors of Factors Limited	17 April, 1961	1396
119	Minutes of meeting of Directors of Factors Limited	30 May, 1961	1430
120	Minutes of meeting of Directors of Factors Limited	21 June, 1961	1445
121	Minutes of meeting of Directors of Factors Limited	5 July, 1961	1460
122	Minutes of meeting of Directors of Factors Limited	24 July, 1961	1466
123	Minutes of meeting of Directors of Factors Limited	2 August, 1961	1475
124	Minutes of meeting of Directors of Factors Limited	8 September, 1961	1506
125	Minutes of meeting of Directors of Factors Limited	10 January, 1962	1535

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126	Minutes of meeting of Directors of Factors Limited	7 February,	1962	1538
137	Bundle of correspondence and annexure between Industrial & Mining Investigations Pty. Limited, Associated Diamond Drillers Pty. Limited and Hudson	16 August, 14 December, 2 January, 26 November, 10 February, 13 February, 23 June, 10 July, 10 July,	1961 1962 1963 1963 1964 1964 1964 1964 1964	1480 1482 1483 1488 1490 1491 1492 1494 1495
138	Bundle of correspondence between Department of Mines and Hudson Copy Certificate of analysis	22 August, 31 October, 7 September,	1961 1961 1961	1499 1501 1503
142	Press cutting from "The Mercury" from Mines Department file	22 March,	1961	1380

MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD AT 16 O'CONNELL STREET,
SYDNEY AT 2 O'CLOCK ON THURSDAY,
OCTOBER 13, 1960.

PRESENT:

Mr. E. R. Hudson, Chairman, Messrs J. E. T. Cooke, R. I. Nicholl and L. Madden. An apology was received from Mr. D. Cable.

MINUTES:

RESOLVED:"that the Minutes of the Meeting of June 3, 1960 be confirmed and signed as a correct record." 10

DIRECTORS' FEES:

Directors expressed their regret that Kathleen Investments (Aust.) Ltd. had not honoured the scale of Fees suggested by Mr. Hudson when the present non-executive Directors were asked to join the Board.

At the time of the Flotation, when all non-M.K.I. Directors on the A.O.E. Board had resigned, great difficulty was experienced in obtaining "non-interested" persons to accept the responsibility of Directorship of A.O.E. As some compensation for the responsibility, Mr. Hudson had intimated that the future fees, when M.K.I. had control, would be £250 per annum. 20

RESOLVED:"that the non-executive Directors place on record their protest against the apparent disinclination of Kathleen Investments (Aust.) Ltd. to honour the initial intimation of their representative, Mr. E. R. Hudson, that the scale of fees would be £250 per annum, and that the sentiments of these Directors be conveyed to the Board of Kathleen Investments (Aust.) Ltd." 30

At the request of the Directors, Mr. Hudson abstained from voting. 40

COURT ACTION:

The Chairman advised that the Appeal by Foyster

Exhibit "AW" - Minutes
Australasian Oil
Exploration Limited

of Rutile Mining Development Pty. Ltd. to the Full Court had been successfully defended. Foyster was now in process of appealing to the High Court.

SALE OF PLANT:

Details of sales of plant including that made to N. S. W. Rutile Mining Company Pty. Ltd. were submitted to the Meeting. £22,425 was still owing by that Company, but Mr. Hudson anticipated no collection difficulties. He stated that he had offer Mr. Murphy terms. However, that gentleman had declined same. 10

FINANCE:

The Chairman outlined the existing cash position and Mr. Cooke asked that a complete statement of finance be submitted to the Directors as soon as possible. 20

INVESTMENTS:

In discussions on the Company's existing investments, Mr. Hudson advised that at the moment, £10,000 was with Factors at 8% at call. He further advised that the rights to Pioneer Ready Mixed Concrete Pty. Ltd. shares, had been successfully disposed of.

He recommended the Company to purchase a holding in Colonial Sugar Refinery Ltd. 30

RESOLVED:"that the purchase of 100 C.S.R. units be authorised and that subject to finance and market, a further 100 units be purchased."

QUEENSLAND MINES LIMITED:

Mr. Hudson advised that Queensland Mines Limited was being "mothballed" as there appeared to be no immediate prospect in the uranium market. Queensland Mines Ltd. had already expended £200,000 and Factors were not happily disposed towards further investments in other projects. Mr. Hudson 40

stated however, that Stanhill Limited were

favourably disposed to other investments which he had in mind.

BLUE METAL:

Mr. Hudson suggested that Stanhill and A.O.E. should jointly purchase for £12,500, a property described as Portion 64, County of Stanley, Parish of Moggill, Brisbane. This property contained a vast deposit of blue metal which Queensland Mines was at present drilling. He considered the real estate value was equal to this amount and even if no quarrying was done, no money could be lost on the purchase. Mr. Hudson suggested a new Company should be formed for this venture and that such Company would be responsible for the present cost of drilling which he considered would be approximately £4,000. 10 20

In reply to enquiry, he said that it would be possible to barge the crushed blue metal almost as cheaply as gravel. From his investigations, he had ascertained that this metal was worth 32/6 a yard in Brisbane.

A further quarry was available in the Albert Shire and was owned by that Council. It appeared that the Council was prepared to make the quarry available on the basis of a small royalty of approximately 1/- per yard. In investigations which Mr. Hudson had made, it appeared that Pioneer Ready Mixed Concrete Pty. Ltd. was absorbing about 2,500 tons per month, for which they were paying 32/6 a yard. Mr. Hudson had made an offer to Pioneer at 31/6 to test out the market. 30

The Directors generally agreed that no expenditure in respect of plant, quarrying, etc. should be entertained until a satisfactory contract was available and thorough investigation had been made by competent technical personnel. 40

Mr. Cooke sounded a word of warning, in view of his own experience in the quarrying field.

MR. B. J. DICKSON.

All Directors who had inspected the plant at Mermaid Beach and were conversant with the work being carried out there, were high in their praise of Mr. Dickson's efforts.

RESOLVED: "that Mr. Dickson's salary be increased to £25 per week, and that he also be paid a bonus of £100." 10

MERMAID BEACH BUILDINGS AND LAND:

Discussion took place as to the possible future disposal or development of the property. Mr. Madden expressed the opinion that the realisation figure for the land and buildings was somewhere between £60,000 and £75,000. A number of discussions had been held with possible interested parties and immediately something concrete came forward, details would be passed to the Chairman. 20

Mr. Madden suggested further that one successful development could be the establishment of that area as a drive-in shopping centre, an item which was seriously lacking on the Coast, and due to the Mermaid Beach property proximity to the by-pass road, it could offer an encouraging prospect to certain retail interests. This possibility was also being followed up. 30

The Directors agreed that for the time being, all avenues of disposal should be carefully examined and pending the results of these investigations, any action relative to the disposal, be with-held.

APPOINTMENT OF AGENT-MINING ACT:

Mr. Madden drew the Chairman's attention to the fact that Mr. Ridgway required an Appointment under Seal to enable him to surrender the Anderson's Lode leases and concurrently peg them in the name of Queensland Mines Limited. 40

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Australasian Oil
Exploration Limited
13/10/60

RESOLVED: "that John Edward Ridgway be appointed Agent for this Company for the purpose of the Mining Act and that his Power include the right to surrender leases and that authority be and is hereby given for the Common Seal to be affixed to the said document."

10

There being no further business, the Meeting closed at 5.15 p.m.

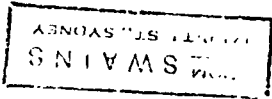
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EQUITY & TRUSTS
SCRAM WSO. I.

Oleiv Hudson

EXHIBIT AX

24 1/2 17/6 A.G. Palmer
ASSOCIATE



W.A. From & Soil Matters

Persons to be interviewed

- (1) The Minister for Supply
The Hon. W.H. Lamb, Minister
of Industrial Development
- (2) The Minister for Mines
The Hon. A.F. Griffiths
St. George's Terrace, Perth
- (3) The Under Secretary for Mines
Mr. L. P. Taylor (Cairn, Geraldton Dist.)
St. George's Terrace, Perth.
- (4) The Government Geologist
Mr. K. S. Elliot
Museum Bldg. Beaufort St., Perth.
- (5) Mr. G. G. Gable (Call 1486 St.)
Forest Rd
Armidale, W.A.
- (6) Mr. Colin Scott (Western Oil Ltd.)
69-A Broadway, Melbourne.

②
Rare Materials.

Reserves of iron ore, coal, limestone
Magnesite, Dolomite etc. Information
required on:

- (1) Location of principal deposits
- (2) Reserves
- (3) Mineralogical and/or
chemical composition
- (4) Availability of water.
- (5) Existing prospecting or
mining titles
- (6) Reports and maps available.

Mr White of Fremantle Gas & Coke Co.
51733.

Mr G. Crossford, Assistant
General Manager, Kwinana
B.P. Refinery.

Sir Russell Curran

Member of
J. L. Brisbane
Member of Advisory
Committee of Dept. Production &
Development.

C. R. Johnson.

Member:

Newcastle coal
about £9-8-0 per ton.

Freight:

FOB Newcastle 87/5 per ton coal
14/6 ton cartage from
Fremantle to East Perth.

Mr A. P. McLean
Gas Engineer
S.F.C.

Results of Interviews with
Mr. [unclear] U.S. [unclear]

- ① BHP have leases in prospect on Koolun and Coatsland Island at Yampi.
- ② Government in WA would like temporarily resumed iron ore deposits for the lower application for areas would be by direct negotiation with the government.
- ③ WA Government more likely to grant leases to mining companies already established in WA, such as Lake View & Hill, Western Titanium
- ④ The Koolun Chemical Company with British & French capital almost commenced manufacturing titanium pigments but pulled out because of market conditions. The Koolun Chemicals also was liquidated for [unclear]

Exhibit "AX" -

1312. A.G. Palmer's Notebook

Results of Interviews with
Mr W.R. McLean - Gas
Engineer S.E.C. Board

Cost of Newcastle coal landed
at Edith-Cath Gas Works

Price of coal FOB, Newcastle £4-7-5/100
Freight and wharfe 4-6-1/100
Cost of Fremantle to Perth 0-10-1-
£ 9-8-0

Titanium Requirements

Production by Australian Titan
Products Ltd.

1953	3400 tons
54	4503 "
55	5200 "
56	6200 "
57	6400 "

Capacity of above plant is
about 3000 tons / year.

Projected
Consumption.

1956	12000 tons (about)
57	12,500 "
58	14,000 " (anticipated)

Quotations, 1958/59.

Titanium dioxide.

Contract	amt	Value £
U.K.	27896	

See next page

Titanium Pigments

Titanium Dioxide.

	wt	value £
UK	27896	275192
Other C'wealth	880	1364
Germany (Fed. Rep.)	2658	24798
India	6124	42706
Japan	19326	144378
Other foreign	<u>438</u>	<u>5055</u>
	<u>57322</u>	<u>452233</u>

Rutile

	tons	value £
UK	46056	482840
Other C'wealth	962	13575
Japan	11231	105163
Other foreign	<u>1956</u>	<u>17653</u>
	<u>60205</u>	<u>623231</u>

Titanium white

C'wealth countries	50	1134
Foreign "	<u>100</u>	<u>2381</u>
	<u>150</u>	<u>3515</u>

Titanium Pigments

Totals.	wt	value £
Rutile	57322	497243
Rutile	60205	623261
Titanium white	150	3515
	<u>117677</u>	<u>1121019</u>
Postponed (tons)	4	

	Tons	value / ton £
England	2866	172
Rutile	3011	207
Titanium white	<u>8</u>	<u>439</u>
Totals	<u>5885</u>	

* Above values are FOB port of shipment.

182 tons of TiO₂ imported into U.K. from eastern states with value of \$48,236 = £265/ton.

Average price of TiO₂ imported into Australia = roughly £195/ton. diff (265-195) = £70 made up of overseas freight, local freight, import duty, insurance etc.

Titanium Requirements

Imports by States 1957/58
tons

NSW	25062
Vic	13852
Q	2409
SA	4188
WA	1135
Tas.	<u>2288</u>
	<u>48324</u>

Rubber

NSW.	51,185
Vic	26,040
Q	3,739
SA	14,042
WA	2,635
Tas.	<u>4,602</u>
	<u>97,801</u>

Titanium White

NSW	1,401
Vic	885
Q	279
SA	224
WA	120
	<u>2909</u>

Overseas Trade Bulletin

Commonwealth Bureau of Census and Statistics, Canberra, A.C.T.

Overseas Trade Bulletin No 55. Published 6 months after end of financial year. Very detailed

Overseas Trade, Preliminary Bulletin. Published about 3 months after end of financial year. Not so detailed.

Kururua. Information
obtained from guide.

Capital Investment said to be
£ 4,000,000

Output per shift = 100 tons
slag products.

Plant now works 3 shifts,
five days per week.

Slits brought from Newcastle
and Kemble by ship. Slits
unloaded at Kururua and loaded
with ballast and forwarded to
Gympie. At Gympie they had
with iron ore and proceed
via northern coast of Australia
to Newcastle.

Products made are rounds,
flat squares, angles, fence
posts.

Interview with Mr. Crawford

Two gas streams. The
first contains 10 tons
sulphur per day in concentration
up to 80% H₂S. The
other gas stream contains
10-15 tons S per day but
H₂S is in very low
concentrations. This second
gas stream is regenerated
through plant. First gas
stream is burnt.

As a rough guide the
first gas would need to
contain at least 20 tons
to be economic.

Changes in processes as higher
grade fuels required may
result in more gas and
sulphur might be worth
recovering.

Mines Department.

Romania.

- ① General and Mine interest in developing an iron & steel industry. The company's capital resources.
- ② Location, reserves and composition of iron ore deposits considered to be of economic interest.
- ③ Government policy regarding the granting of mining rights over such deposits.
- ④ Companies which currently hold prospecting or mining rights over such deposits.
- ⑤ Location, reserves and composition of coal deposits considered to be of economic interest.

Notes left:

- ⑥ Location and reserves of limestone, magnesite and dolomite.
- ⑦ Power resources of Tasmania
- ⑧ Probable cost of power to a large consumer, say, an electric smelter.
- ⑨ Location, reserves and composition of titanium-bearing chrome-free ores of economic interest (if any)
- ⑩ Bibliography.
 - 1) Any available reports on above
 - 2) Tasmanian Year Book
 - 3) Mining Act.
 - 4) Maps.

Mr H.G.W. Reid.
Chief Geologist.

Mr G.J. Symons
Director

Mr P.M. Johnston:
Asst. Director.

Mr T.D. Hughes
Asst. State Geologist.

R. Swan
Engineer Strickfield House
Rosemary Avenue
New Town Hobart.

Potential Iron Ore
Areas excluded from operation
of Mining Act:

1. Savage River.
Kingmin
Clythe River
Lilil Ranges.

Burnie
Mifflin
Hampden
Beaconsfield (Did smeltor
at Mt. Vellian).

Bill Gray says his
house is

£18-20 per kilowatt per annum.

Based on maximum demand
Most homes supplied on
contract.

Ask Commission if they
would estimate ability
of power.

Cost now 0.5 us 0.6 pence.

A.G. Palmer

Mr. G. V. Batchelor.
Power Engineer

Report of ^{at Mt. Vellian} ~~at Mt. Vellian~~
with ~~at Mt. Vellian~~ ~~at Mt. Vellian~~
Tasmanian Mines Department.

- 1) Government has excluded
Iron ore deposits from
operation of Mining Act.
- 2) Prop. grants of iron
ore have would be subject
to the installation of a plant
in Tasmania
- 3) About 200 ^{two or three} million tons
are under transport from
results of striking ^{and} ~~and~~
comprising ^{two} ~~two~~ ^{two} ~~two~~ ^{two} ~~two~~
could ^{be} ~~be~~ ^{be} ~~be~~ ^{be} ~~be~~
average assay 45% Fe and
ratio between 1 and 2% T.D.
One mineral is magnetic.
- 4) Iron deposits over
continued next page.

- (5) Peruvian Government would consider any proposition put up.
- (6) Mining rights yet granted.
- (7) Ore could probably be upgraded to 70% Fe and Ti, O₂ separated mechanically.
- (8) Leo had acted as agent for Mines Dept in arranging and striking on behalf of Mines Dept.
- (9) Coal on east side of Peruvia. bituminous coal with high ash. could be washed to produce high grade coal which may or may not be coloring.
- (10) Peruvian River is approx 80 ft deep at entrance and could be navigable up to here.
- (11)

Mines Dept.

Mr N. Bosteloff.
Assistant Chief Geologist

Mr R. B. Whiting.

Mining Engineer in
charge of Mining Geology.

6497.

Peter. Kenley
Geologist.

Hawa Hawa Deposits

Product sold to growers.
Lore No 7300. Parish Huron, 10 acres.
to mine iron oxide. L & K McLea
281 Collins Street - Melbourne.

Allys No 7312 Parish of Hawa Hawa
20 45 acres. 7 mi NE of Hawa
Hawa to mine iron ore
L & K McLea.

Allys. No 7313 Parish of Hawa Hawa
50 acres. 5 miles north of
Hawa Hawa to mine iron
ore L & K McLea.

Other areas pegged. 80 acres.

Exposure on "Methods of
Obtaining Iron Ore"
Visit on May 1920.
Publications.

Visit to Dept of Mines and
Technical Services.

552 Booth Street
Ottawa, Ontario.

Expenses Melbourne Trip.
7/12/60. Nova Nova Division.

Air fare.	23-6-0.
Bus fares.	1-0-0
Taxis.	4-5-0
Hotel/rentals.	0-17-6
Meals.	2-10-0

1322. Exhibit "AX" -
A.G. Palmer's Notebook



Postal Address—
Box 665 E; G.P.O., HOBART.

18th October, 1960.

MEMORANDUM for : 4306/60

Mr J.G. Symons,
Director of Mines,
Mines Department.

Steel Industry for Tasmania

I refer to our meeting on Monday, October 17th, in the office of the Hydro-Electric Commissioner (Mr A.W. Knight).

After further consideration, I feel that it would be preferable if the Premier could hold further discussion with Mr Stanley Korman instead of writing to him. There are certain questions that I feel the Premier might put to Mr Korman but which you might hesitate to put in reply to Mr Korman's letter.

I understand Mr Korman's letter to mean that he proposes to float a public company which would have an initial paid-up capital of £750,000. In these circumstances, I feel that Mr Korman might be asked:

1. Who will promote the Company? Who will the directors be? What is it desired to state in the prospectus has been granted to the Company by the Government of Tasmania by way of a lease/licence/option?
2. Would Mr Korman, acting on behalf of the Company agree that any lease/licence/option granted by the Company would be conditional on the Company raising at least £750,000 in cash to carry out the terms of any agreement with the Government?

Exhibit "A9" - Memoranda
from Mines Department
1323. file - 18th October, 1960

3. In the light of (2), how and when would the Company propose spending the £750,000? ✓

4. What capital contribution, if any, is it proposed that the Standhill Group and the Korman family will make to the Company? ?

5. Who are the Company's advisers and associates, (a) in Australia, and (b) overseas? /

6. What assets of the Company - e.g. in the form of data, geological information, etc. - would be passed on to the Government at the end of, say, two years, in the event of the Company then going into liquidation? *To be made available for government.* all

7. Would Mr Korman agree on behalf of the Company that it would have no right to assign, sell, etc. any lease/licence/option that might be granted by the Government without the consent of the Government? ✓

8. What specific forms of assistance would the Company expect from the Government? -

Investigation to proceed so that Government have the answers should embrace items -
referring to: Transport (Road?) Water Supplies
 Communications Power.
 Port/Harbour facilities
 Town Construction

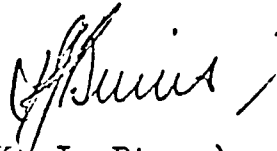
Following a further meeting when questions of this character could be put to Mr Korman, I feel that he might be invited to submit a draft of an agreement indicating :

i. What the Company would undertake to do in return for certain concessions, etc.

ii. What rights the Company would expect to be granted by the Government.

At the appropriate stage, I feel the Solicitor-General should be called into the discussions to advise the Government on legal aspects. You will advise the ~~Company~~ ^{Mineral} as Director of Mines. I would be competent to advise only on matters involving the organization and financial structure of any Company proposed to be formed.

The foregoing are intended only as points for further discussions between us.



(K. J. Binns)
UNDER TREASURER

Total finance required by Gov. & in how many years?
Problem of Rio Tinto interest - how delayed?
12% 1 Reserve assets
2 Explanatory memo.

M2255.C

1/2

8th November, 1960

MEMORANDUM

STEEL INDUSTRY IN TASMANIA

As requested by you, the application by Mr. Stanley Korman for an agreement with the Tasmanian Government to investigate the Iron Ore Deposits at Savage River, with the right to be granted mineral leases should the preliminary investigations be satisfactory, has been examined by us.

In the past Mr. Korman has not been associated with mining or steel manufacture, but we consider that he is in a position to obtain suitable specialists who are able to make such a suitable preliminary investigation in satisfactory manner.

However there are certain aspects that we consider require further clarification, and at this stage it is considered preferable, that they should be discussed with Mr. Korman, as you would hesitate to put them in a letter.

Mr. Korman might be asked: - *Will not be nominees - technical & some business men. V. H. Aust proposed.*

Who will promote the Company, and who will be the directors? What capital contribution, if any is it proposed that the Stanhill Group, and the Korman family will make in the company?

What does the Company desire to state in the Prospectus concerning the granting of any license or lease?

3. Would Mr. Korman, acting on behalf of the Company, agree that any license or lease granted to the Company should be conditional upon the Company raising at least £750,000 in cash to carry out the terms of any agreement with the Government?

Yes

No transfer without consent.

1/2

Korman only.

*Capeland.
Dilemma - 1/2 M.
Miles - 10/10/60.*

*3. Limited shareholders
open prospectus in
final company.
big spread in
Bijmans & Co.*

Referable 3 Months to extend. - 700,000 must immediately.
 Six months period too small
 2 years? + 3 Months.
 The Hon. the Premier
 250,000 immediately preliminary.
 2. p
 17/2/60 £250,000

4. How does the Company propose to spend the £750,000?
5. Who are the Company's advisers and associates?
 - (a) In Australia ~~to be~~ ^{etc} to be reviewed.
 - (b) Overseas

Stamp duties?
 1
 Yes

6. Would Mr. Norman agree on behalf of the Company, that it would have no right to assign, sell etc., any license or lease that might be granted by the Government, without prior consent of the Government?

Should the answer to these questions be satisfactory, we recommend that the Company be granted an Exploration License for the Savage River iron ore deposits and its extensions for a period of two years, conditionally:

2 Years + 3.
three

- a. That the Company is prepared to spend £750,000 on the investigation. *New £250,000 per year*
- b. That the Company commence investigations within one month and continue such, at sufficient magnitude to justify holding the area. This to be evidenced by submitting quarterly reports of progress and expenditure. At the conclusion of the investigation, a copy of all geological and other data to be lodged with the Department of Mines. ✓
- c. To satisfy the Minister that the Company has the requisite technical staff or associations to complete the investigation in a satisfactory manner.
- d. The Minister to have the power to cancel the license, on the report of the Director of Mines that the Company is not complying with the terms of the license.
- e. Should the preliminary investigation be satisfactory, the Government will grant mineral leases to the Company, provided that:
 1. A substantial company is formed to establish a steel works in Tasmania.
 2. Operations are to be commenced within an agreed time,
 3. Lease rentals and royalty on mineral

The Hon. the Premier

From Department of Mines, Tasmania, to

production is to be paid otherwise
the leases will be forfeited.

Whilst drilling being done by the Department of Mines has been in progress, there has been a liaison between Rio Tinto Australian Explorations Pty. Ltd. and the Government. Rio Tinto Australian Explorations Pty. Ltd. have now excluded the area surrounding the Savage River Deposits from their Exploration Licence, and we consider that there is no reason why Mr. Korman's Group should not be given an opportunity to make an economical appraisal of the iron deposits.

Rio Tinto Australian Explorations Pty. Ltd. are still acting as agents of the Government in the drilling at Savage River and, in fact, drilling costs are paid by the Company to the contractor and the Company is reimbursed by the Department. This procedure is in accordance with your original arrangement with the Company when the Department first decided that the potentialities of the iron ore deposits of the State should be investigated and the Rio Tinto group through its Managing Director evinced interest in the deposits. It was thought at the time that Rio Tinto would finally develop the deposits and they have been progressively supplied with all drilling data and analyses of cores. There has not been a development of that interest, but we feel that in order to avoid any misunderstanding the existing arrangement between yourself and Rio Tinto should be terminated and the Company no longer placed in a privileged position.

Because of its close association with progress of investigations it is likely that Rio Tinto may be assuming that they have a priority to the area based on moral grounds and the Director of Mines is of the opinion that before Mr. Korman submits his final proposals Rio Tinto should be informed that an offer to develop the area is under consideration and that unless Rio Tinto will submit a firm proposal within 21 days it is intended to complete an agreement on the basis of such offer.

UNDER THE SIGN

Commissioner
HYDRO-ELECTRIC COMMISSION

The Hon. the Premier,
ROBERT

DIRECTOR OF MINES

Exhibit "A9" - Memoranda
from Mines Department
1328. File - 8th November, 1960

MINUTES OF A MEETING OF DIRECTORS OF
FACTORS LIMITED HELD AT "STANHILL", 34
QUEENS ROAD, MELBOURNE ON FRIDAY 28TH
OCTOBER, 1960.

DIRECTORS PRESENT:

Mr. W. O. Burt (in the Chair)
Messrs. S.Korman, C.R.Daley,
E.J.K.Thompson D.Korman L.Korman
and J.C.Carrodus.

10

Mr. E.E.Fookes and the Secretary
were also in attendance.

An apology was received from
Mr. I.K.Redpath.

MINUTES:

Minutes of a meeting of Directors held on the
3rd October last having been read by the Directors
were confirmed and signed by the Chairman as a true
and correct record.

ROCKMANS LIMITED:

20

The Secretary reported that the notices had
been sent to dissenting shareholders.

It was resolved that Mr. James Dudley Gallagher
be appointed to sign the transfer forms on behalf of
the dissenting shareholders and that Messrs. Oswald
Burt & Co. be instructed to prepare the necessary
document of appointment.

ALLOTMENT OF SHARES:

It was resolved to allot 681989 Ordinary
Shares of 5/- each in exchange for 342314 Ordinary
shares of 5/- each in Holeproof Industries Limited
and 339675 Ordinary shares of 5/- each in Rockmans
Limited.

30

ALLOTMENT OF PARTLY PAID SHARES AND UNSECURED NOTES:

It was resolved to allot 964764 Ordinary shares
of 5/- each on which the sum of 3d. per share has
been paid and to allot 241191 8% Registered Unsecured
Notes of £1 in exchange for 241191 8% Convertible
Registered Unsecured Notes of £1 each.

Exhibit 116 - Minutes
Factors Limited

1329. 28/10/60

ALLOTMENT OF DEBENTURES:

It was resolved to allot £106,195 of 6% Mortgage Debenture Stock in exchange for 106,195 5% Cumulative Preference share of £1 each in Rockmans Limited and to allot £188,420 of Mortgage Debenture Stock in exchange for 188,420 7½% Cumulative Preference shares of £1 each in Rockmans Limited. 10

QUEENSLAND MINES LIMITED:

Mr. Burt reported that he had discussed the future of Queensland Mines Limited with Mr. Hudson from which discussion it was clear that it would be necessary to mark time for three or four years at a cost of about £5,000 or £6,000 per year.

After a lengthy discussion it was resolved that this Company should dispose of its interest in Queensland Mines Limited and that the Chairman advise Mr. Hudson to this effect and that as provided in the terms of the agreement with Australasian Oil Exploration Limited first approach is to be made to that Company. 20

Cont.,

A68

RETAIL BUDGET CREDIT AND HIRE PURCHASE:

After a lengthy discussion it was resolved that this Company should cease its Budget Credit and Hire Purchase activities either by disposing of the business or by giving notice to the customers. 30

Mr. Burt undertook to make preliminary enquiries with a view to disposing of the retail budget credit business.

SCRIP:

The Secretary reported that the following certificates had been signed and sealed with the Common Seal of the Company.

Ordinary Shares

109,079 shares covered by transfers numbered 5548 - 5699 inclusive 40

Registered Unsecured Notes

15,818 Unsecured Convertible Notes covered by
transfers numbered 1932 - 2042 inclusive

Registered Mortgage Debenture Stock

£17,300 of Debenture Stock covered by transfers
numbered 149 - 182 inclusive.

SEAL REGISTER:

10

The meeting confirmed the use of the Company
Seal in respect of items numbered 112 to 141
inclusive in the Seal Register of the Company and
authorised the Chairman to sign the Register.

CHEQUES:

Payment of cheques numbered 2019 to 2264 and
totalling £494,328.17. 1. was confirmed.

READ AND CONFIRMED

(W.O. Burt)

CHAIRMAN

20

9/12/60

30th November, 1960.

S. Korman, Esq.,
Stanhill Consolidated Ltd.,
34 Queen's Rd.,
MELBOURNE.

Dear Mr. Korman,

Reference Savage River Iron ore deposits, Mr. Symons, Director of Mines has been in communication with me and is coming to Sydney to further discuss the matter on Wednesday next.

10

Re Aluminium - I attach photostat copy of an article written by Mr. S. B. Dickinson to the Daily Mirror newspaper. After perusal, you might pass same on to Mr. Williams for his file.

It would be appreciated if you could return the Report I forwarded to you, at the end of the following week.

My best regards,

Copy only

AV
1st December, 1960.

Sir John Northcott, KCMG, KCVO, CB,
33 Hudson Street,
HAMILTON.

Dear Sir,

Recently at a Conference with Mr. Byre, Chairman of Directors, Factors Ltd., he indicated his Company desired, due to credit restrictions, to dispose of its 51% interest in Queensland Mines Ltd.

In pursuance of the Contract between A.O.E. and Q.M.L., Factors are unable to sell unless first offering the property to A.O.E.

Another important condition in the Agreement is that Factors are responsible for finding \$1 million by Subscribers carrying interest of 10% for the purchase and installation of plant.

Mr. Byre indicated a price of 2500,000 and stated negotiations would not be made elsewhere until A.O.E. rejected the offer.

I consider the price a reasonable one.

Q.M.L. will have some £20/25,000 in cash and the Company has, during the last year, carried out investigations in respect of both the establishment of a diuretic industry in Brisbane and a detailed investigation in regard to the establishment of a non-steel industry, both in New Zealand and Australia.

It was my intention to put Q.M.L. on to an income earning basis to maintain it until such time as Anderson's Lode could be brought into production, but in view of Factors' decision, I have decided to capitalise Q.M.L.'s interest in these two projects.

1333.

Exhibit "AV" - Draft
Letter Hudson to Northcott,
1st December, 1960

In regard to the zinc metal industry in Queensland, I estimate O.S.L. will receive a share issue some time between \$30/40,000 during the next four months and it is probable during next year, it will receive an interest equivalent to some \$20/40,000 for its investments into the zinc industry.

Ferguson, at a cost of some \$120,000 completed the development of Anderson's Lode and partial development of the Sinal Lode with the result that the productive capacity of both these areas is approximately 25,000 tons of U3O8 which, on today's prices would have a gross value of \$24,000,000, 2,600

Probably Anderson's Lode will produce further reserves and certainly the Sinal Lode will produce substantial reserves with further development.

Although one drill intersected a 100 ft. wide lode at 600 ft. estimated of tonnage at 500,000 short tons of ore of .10 to .15 are assessed to a depth of 200 ft. Insignificant drilling has not evidenced any estimate of tonnage below this depth.

Whatever is the price, when Anderson's Lode comes into production and assuming at a reduced price, the profitability would hardly be less than \$1/3 million.

To indicate the nature of Anderson's Lode and Sinal Lode, Anderson's would be some eight times the size of Sun Eagle and Sinal, in its present development, about 15 times the size.

The Colley Foster, having regard to our Company which, for some years, will be on a high dividend basis, is not of the greatest importance because price and profitability increases as the use of nuclear power increases. The price is equivalent, on known tonnage, to 2/3 per lb. in the ground. As a comparison, Sun ore in the ground in Western Australia is carrying a royalty of 2/3 per lb. in the ground.

It is probable that in the new contractual obligations between O.S.L. and Australia in regard to uranium, some provision will be made for the production of uranium metal in 1961, but whether this is

as or not it seems desirable that Hutchison Investments (Australia) should purchase the outstanding interest so that it could, in the future, enjoy 100% of the net profits arising from these deposits.

The policy adopted by H.I.L. of paying out all dividends without building up the Company potential, while particularly, should not be inflexible, whereas the Company will stand pass out of existence with the depletion of resources as Mary Kathleen, whereas with the acquisition of this interest, will gradually become stronger than Mary Kathleen Uranium.

A003. For an expenditure of £250,000 a few years back, is now paying out dividends per annum considerably in excess of its investments.

There are very few big mines in Australia. We have the Broken Hill field, the Iron, the Copper, the Lead and Mary Kathleen and Anderson's Lead and the Zinc, when in production, will be in this class.

Although final capitalization costs of plant etc. of Anderson's lead have not been worked out in fine detail, initial figures indicate that the total capitalization required would be approximately 21 million and there is little doubt in the minds of those familiar with the industry that it could be possible that an Anderson's lead coming into production, a loan could be obtained from the U.K. or the money from the public, even a contract had been arranged.

I have brought all development work to an end in Q.M.L. and drastically reduced administration etc. and to bring the cost of maintaining the Company to fairly reasonable estimates to between £5/0,000 a year and estimate there will be sufficient reserves capital in Q.M.L. to carry it forward to production stage.

The pilot plant has been erected at considerable cost at the Queensland University and as a result of two years considerable work, difficulties as to transport can be shortly surmounted by the fact that the cost of transport of Anderson's ore will be approximately equivalent to that of Mary Kathleen.

Further, mining costs at Anderson's lead will be greater than the mining costs at Mary Kathleen which is open cast. This could increase cost per lb. in comparison to Mary Kathleen by about 5/- to 7/6d per lb.

Exhibit "AV" - Draft
Letter Hudson to Northcott,
1st December, 1960

Development and scientific work now indicated Anderson's sale can be handled with precision as low capital cost and will be a low cost producer by virtue of its size and of necessity, such sale has place in the future as one of the world's large suppliers of UG-3.

It is open to directors if we reject this offer, to repudiate the sale to other corporations and there is the possibility of Rio Tinto purchasing their interest and taking control.

The profit to Parsons Ltd. in a mining venture of this nature is not very great as the risk attendant on them taking Anderson's sale which, as the terms of the contract was being abandoned by A.C.S., which did not have the finance to exercise the option.

Options paid the option holder, being an amount of \$15,000 as well as \$1,000 towards the purchase of the sale. There was also, at that stage, some tangible difficulty as to whether Anderson's ore could be secured. For Parsons to enter into a contract of \$15,000, it would indicate that to expect, in a mining venture of this nature, considerably more.

Parsons would be prepared to take position in cash and position in shares and would not doubt take as loans of shares in Southern Investments as various projects which would cost the company approximately \$225,000 or 6d per lb. of UG-3 in the ground.

There are various methods by which the purchase could be financed. A.C.S. could sell the 3% interest to Q.M.S. to U.S.A. for an amount of \$100,000 interest and purchase the same interest for cash, payable over a period equivalent to the day's interest. Such a share issue would give A.C.S. interest over the next 3 1/2 years of \$225,000 to pay off the loan with a safeguard to use 80% of the interest to cover any deficiency. This would require an additional amount capital in U.S.A. in its re-financing and would enable dividends from the loans to be passed back to our shareholders after paying off Parsons.

... freight and other allocations to Factors, being market premiums. This would increase the capitalization of M.L.L. from 2,932,274 shares to 3,432,273 shares and would represent roughly under 2d in the 1/- on Group dividends. However, this would give Factors not only a substantial income from its interest in M.L.L., but would also give it income from profits to be derived from Airspeed's trade in the future, whereas suggestion (a) makes their interest to the payout period.

The fact that the Company cannot be brought into operation immediately has to be assessed in the light of experience of other mining companies, as indicated, the new Alantana Industry will hardly come into production for some 4 1/2 years.

Increase capital, after declaration of the next increased dividend and offer one share for every 5 held by the shareholders, at a price of 10/- per share. This would mean an issue of 207,415 shares which would bring in £2,074,150, sufficient to pay Factors and the cost of the issue.

The benefit of this suggestion would be our shareholders would retain the additional capital funds of the Company and would have the added advantage of future dividends. The issue could be underwritten and Resolutions Rights made available to shareholders.

Without increasing capital, financing the purchase by a deferral, until Factors are paid, of 2d from every 1/2d dividend, no deferral to be made until a quarterly dividend of 10d is paid to the shareholders with A.C.B. to guarantee payment to Factors.

It seems clear that dividends to be received during next year should not be less than £731,010. Four 10d dividends would conserve £292,576 and will leave available £438,434 per. which would mean that the purchase would be employed within a period of 2 years and leave future dividends intact.

Another alternative would be to arrange a purchase price between cash and shares and pay issue to Factors 207,650 shares at market value of 11 cash and to pay the balance to each over a period of 3 years. This could be accumulated by deducting 1d out of every 1/2d dividend.

Real Estate and other fixed assets in C.M.L. are of approximately £20,000 value.

As it is necessary for me to give some reasonably early reply to Mr. Dove, I would appreciate this matter being considered at the next Board Meeting and necessary instructions given.

I strongly advise that the Factors offer be accepted, but negotiations take place to pay the purchase price over a period of three years.

Yours faithfully,
EARTHLEN INVESTMENTS (AUSTRALIA)

Barbara Dammers

Exhibit "AV" - Draft
Letter Hudson to Northcott,
1st December, 1960

C O P Y

SYDNEY

1st December, 1960.

Sir John Northcott, KCMG, KCVO, CB,
33 Waters Street,
WAHROONGA.

Dear Sir,

Recently at a Conference with Mr. Burt, Chairman of Directors, Factors Ltd., he indicated his Company desired, due to credit restrictions, to dispose of its 51% interest in Queensland Mines Ltd. 10

In pursuance of the Contract between A.O.E. and Q.M.L., Factors are unable to sell unless first offering the property to A.O.E.

Another important condition in the Agreement is that Factors are responsible for finding £1 million by Debentures carrying interest of 10% for the purchase and installation of plant.

Mr. Burt indicated a price of £500,000 and stated negotiations would not be made elsewhere until A.O.E. rejected the offer. 20

I consider the price a reasonable one.

Q.M.L. will have some £20/25,000 in cash and the Company has, during the last year, carried out investigations in respect of both the establishment of a blue metal industry in Brisbane and a detailed investigation in regard to the establishment of a new Steel Industry, both in New Zealand and Australia.

It was my intention to put Q.M.L. on to an income earning basis to maintain it until such time as Anderson's Lode could be brought into production, but in view of Factors' decision, I have decided to capitalise Q.M.L.'s interest in these two projects. 30

In regard to the blue metal industry in Queensland, I estimate Q.M.L. will receive a share issue somewhere between £30/40,000 during the next four months and it is probable during next year, it will receive an interest equivalent to some £30/40,000 for its investigations into the steel industry. 40

Exhibit "AV" - Draft
Letter to Northcott

1338. 1/12/60

Factors, at a cost of some £220,000 completed the development of Anderson's Lode and partial development of the Skal Lease with the result that the productive capacity of both these areas is approximately 2,600 tons of U₃O₈ which, on today's prices would have a gross value of £24,000,000.

Probably Anderson's Lode will produce further reserves and certainly the Skal Lease will produce substantial reserves with further development. 10

Although one drill intersected a 100 ft. wide lode at 800 ft. estimates of tonnage at 500,000 short tons of ore of .10 to .18 are assessed to a depth of 200 ft. insufficient drilling has not evidenced any estimate of tonnage below this depth.

Whatever is the position, when Anderson's Lode comes into production and assuming at a reduced price, the profitability would hardly be less than £4/5 million. 20

To indicate the return of Anderson's Lode and Skal Lease, Anderson's would be some eight times the size of Rum Jungle and Skal, in its present development about 15 times its size.

The delay factor, having regard to our company which, for some years, will be on a high dividend basis, is not of the greatest importance because price and profitability increases as the use of nuclear power increases. The price is equivalent on known tonnage, to 2/- per lb. in the ground. As a comparison, iron ore in the ground in Western Australia is carrying a royalty of 2/6d a ton in the ground. 30

It is probable that in the new contractual obligations between U.S. and Australia in regard to uranium, some provision will be made for the production of uranium from Anderson's Lode on a limited scale in 1961, but whether this is

- 2 -

40

so or not it seems desirable that Kathleen Investments (Aust) Ltd. should purchase the outstanding interest so that it could, in the future, enjoy 100% of the net profits arising from these deposits.

The policy adopted by KIL of paying out all dividends without building up the Company potential, while praiseworthy, should not be inflexible, otherwise the Company will slowly pass out of existence with the depletion of reserves of Mary Kathleen, whereas with the acquisition of this interest, will gradually become stronger than Mary Kathleen Uranium. 10

A.O.E. for an expenditure of £250,000 a few years back, is now paying on dividend per annum considerably in excess of its investment.

There are very few big mines in Australia. We have the Broken Hill field, Mt. Isa, Mt. Morgan, Mt. Lyell and Mary Kathleen and Anderson's Lode and the Skal, when in production, will be in this class.

Although final capitalisation costs of plant etc. of Anderson's Lode have not been worked out in fine detail, initial figures indicate that the total capitalisation required would be approximately £1 million and there is little advantage in Factors underwriting a 10% Debenture Issue because it could be possible that on Anderson's Lode coming into production, a loan could be obtained from the U.K. or the money from the public, once a contract had been arranged. 20

I have brought all development work to an end in Q.M.L. and drastically reduced administration etc. and to bring the cost of maintaining the company in fairly active existence to between £5/6,000 a year and estimate there will be sufficient reserve capital in Q.M.L. to carry it forward to production stage. 30

The pilot plant has been erected at considerable cost at the Queensland University and as a result of two years scientific work, difficulties as to treatment can be shortly summarised by the statement that the cost of treatment of Anderson's ore will be approximately equivalent to that of Mary Kathleen. 40

....., mining costs at Anderson's Lode will be greater than the mining costs at Mary Kathleen which is open cut. This could increase cost per lb. in comparison to Mary Kathleen by about 5/- to 7/6 per lb.

Development and scientific work now indicates Anderson's Lode can be brought into production at

low capital cost and will be a low cost producer by world standards and of necessity, must take its place in the future as one of the world's large suppliers of U₃O₈.

It is open to Factors if we reject their offer, to negotiate the sale to other organisations and there is the possibility of Rio Tinto purchasing their interest and voting control. 10

The profit to Factors Ltd. in a mining venture of this nature is not very great as the risk attending on them Anderson's Lode which, at the stage of the contract was being abandoned by A.O.E. which did not have the finance to exercise the option.

Q.M.L. paid the option moneys, being an amount of £45,000 as well as £5,000 towards the purchase of the Skal. There was also, at that stage, considerable difficulty as to whether Anderson's ore could be treated. For Factors to enter into a commitment of £250,000 it would entitle them to expect, in a mining venture of this nature, considerable return. 20

Factors would be prepared to take portion in cash and portion in shares and would no doubt take an issue of shares in Kathleen Investments at which would cost the Company approximately £125,000 or 6d per lb. of U₃O₈ in the ground.

There are various methods by which the purchase could be financed. A.O.E. could sell its 49% interest in Q.M.L. to K.I.L. for an issue of 500,000 shares and purchase Factors' interest for cash, payable over a period equivalent to the dividends required. Such a share issue would give A.O.E. income over the next 8½ years of £500,000 to pay off Factors with a safeguard to use its own cash reserves to meet any deficiency. This would retain any additional issued capital in K.I.L. in its subsidiary and would enable dividends from the issue to be passed back to our shareholders after paying off Factors. 30 40

- 3 -

Straight out share allotment to Factors, using market premium. This would increase the capitalisation of K.I.L. from 2,939,274 shares to 3,439,274 shares and would represent slightly under 2d in the

1/- on future dividends. However, this would give Factors not only a substantial income from its interest in M.K.U. but would also give it income from profits to be derived from Anderson's Lode in the future, whereas suggestion (a) limits their interest to the payout period.

The fact that the Company cannot be brought into operation immediately has to be assessed in the light of experience of other mining companies, as instance, the new Aluminium Industry will hardly come into production for some 4/5 years.

10

Increase capital, after declaration of the next Increased dividend and offer one share for every 5 held by the shareholders, at a price of 18/-d per share. This would mean an issue of 587,455 shares which would bring in £528,710 sufficient to pay Factors and the cost of the issue.

20

The benefit of this suggestion would be our shareholders would retain the additional capital issue of the Company and would have the added advantage of future dividends. The issue could be underwritten and Renunciation Rights made available to shareholders.

Without increasing capital, financing the purchase be a deduction, until Factors are paid, of 2d for every 1/-d dividend no deduction to be made until a quarterly dividend of 10d is paid to the shareholders with A.O.E. to guarantee payment to Factors.

30

It seems clear that dividends to be received during next year should not be less than £731,818. Four 10d dividends would consume £489,876 and will leave available £244,942 p.a. which would mean that the purchase would be completed within a period of 2 years and leave future dividends intact.

Another alternative would be to arrange a purchase price between cash and shares and say issue to Factors 250,000 shares at a market value of £1 each and to pay the balance in cash over a period of 3 years. This could be accumulated by deducting 1d out of every 1/-d dividend.

40

Real Estate and other fixed assets in Q.M.L. are of approximately £20,000 value.

As it is necessary for me to give some reasonably early reply to Mr. Burt, I would appreciate

Exhibit "AV" - Draft
Letter to Northcott
1/12/60

this matter being considered at the next Board Meeting and necessary instructions given.

I strongly advise that the Factors offer be accepted, but negotiations take place to pay the purchase price over a period of three years.

Yours faithfully,
KATHLEEN INVESTMENTS
(AUST) LTD.

10

Managing Director

1343. Exhibit "AV" - Draft
Letter to Northcott
1/12/60

12th December, 1960.

S. Korman, Esq.,
Stanhill Consolidated Ltd.,
34 Queen's Rd.,
MELBOURNE.

Dear Mr. Korman,

Just a short note to advise that I had a conference with Mr. J. Symonds, Director of Mines, Tasmania, on Wednesday last and discussed various problems that will arise should the Government grant a permit for us to undertake development of the Savage River deposits. 10

Draft conditions of the Government Permit etc., were considered and a number of other matters which had been raised by the Under Secretary of the Treasury.

No decision will be given until the 23rd January, 1961 when I will be going to Tasmania for a further interview with the Director of Mines, who will be on leave until 20th January. 20

A letter has been written to Rio Tinto asking them if they intend to proceed with an integrated steel industry and giving them until 21st December for a decision.

Rio Tinto did not renew their Licences over the areas held by them at Savage River and the only interest they now have is some kind of moral obligation between the Company and the Government whereby the Government will ask them if they are prepared to undertake any matter prior to their making arrangements with another organisation. 30

Best regards,

Copy only

14th December, 1960.

E. R. Hudson, Esq.,
16 O'Connell Street,
SYDNEY.

Dear Sir,

NOWA NOWA IRON ORE DEPOSITS
EASTERN GIPPSLAND. VIC.

Following your instructions, I visited Melbourne on 7th December 1960 to make some enquiries in connection with the abovementioned iron ore deposits. The following persons were interviewed: 10

Mr. N. Boutakoff, Assistant Chief Geologist,
Victorian Mines Dept.,
Mr. R.G. Whiting, Mining Engineer in charge
of the Mining Geology Section,
Victorian Mines Dept.
Mr. P. Kenley, Geologist, Victorian Mines Dept.
Mr. L.G. McRae, Director, Mineral Industries
Pty. Ltd., 281 Collins St. Melbourne. 20
Mr. McRae and his brother, K. McRae hold
the deposits concerned.

As a result of these interviews, the following information was obtained.

LOCATION: The principal areas are located between 5 and 7 miles north of the township of Nowa Nowa in south eastern Victoria to which they are linked by road. Nowa Nowa itself is linked by rail and road to Melbourne. Distance by rail from Melbourne is roughly 250 miles.

Under present conditions, shipments of ore for export would have to be railed to Melbourne. A potential port exists at Lakes Entrance, some 16 miles south-west of Nowa Nowa. 30

However, development of port facilities at Lakes Entrance would involve considerable dredging and harbour works and it is unlikely that the expense would be justified by exploitation of the iron ore deposits alone, unless very large reserves could be established.

RESERVES: Following previous magnetic surveys carried out by air and on the ground, the Dept. of Mines commenced drilling the deposits in 1955. A total of 33 diamond drill holes were completed 40

and reserves of approximately 7,000,000 tons established. The deposits contain the largest known reserves of iron ore in Victoria.

These reserves are contained in two deposits, the first being located 5 miles north and the second 7 miles north of Nowa Nowa. Particulars of the deposits are as follows: (the figures are approximate). 10

	Principal Ore Type	Estimated Reserves	Iron	Grade *Sulphur	Phosphorus	Waste/ore ratio (volume basis)
Five Mile Area	Magnetite	6,000,000 tons	50%	1-3%	0.1	1/1
Seven " "	Hematite	1,000,000 tons	50%	1-3%	0.1	Small

* Present as iron pyrites. 20

Both deposits could be exploited by open cut methods. The mining of the five mile deposit would require the stripping of roughly 0.3 cubic yards of hard andesitic overburden per ton of ore. Open cutting of the seven mile deposit would involve very little stripping.

To offset high transport costs and also to render the ore fit for smelting, the ore would have to be beneficiated to upgrade the product to 60-65% iron and reduce sulphur content to 0.1% 30

- 2 -

Between the 5 and 7 mile areas, drilling intersected further magnetite and hematite deposits at a depth of 500 ft. However, these deposits would be well below the maximum economic depth of mining.

Other iron ore deposits are known to run between eight and nine miles north of Nowa Nowa. Known reserves in these deposits are small - the largest known as the "Iron Mask" outcrop measures some 1,000 ft. long and averages 30 ft. wide. 40

LEASES: The Nowa Nowa deposits have been taken up by Messrs. L. & K. McRae of 281 Collins St. Melbourne. Applications received by the Mines Dept. are as follows:

<u>Lease of</u> <u>Appln.no.</u>	<u>Parish</u>	<u>Area</u>	<u>Purpose</u>
* 7300 (lease)	Buchan	18 acres	To mine iron oxide
7812 (appn)	Nowa Nowa	15 acres	" " " ore
7843 (appn)	Nowa Nowa	50 acres	" " " "

* This lease is at present being exploited by the McRaes and the iron oxide sold to the gasworks for use as a purifier in the gas making process. 10

In addition to the above areas, Mr. L. McRae informed me that he and his brother had pegged an additional 80 acres covering extensions to the deposits.

There are no provisions for taking up large prospecting areas in the Victorian Mining Act as can be done in other States. However, any number of individual areas up to 640 acres each can be taken up under application for mineral lease (Sec.41(2) of the Mines Act 1958). 20

In the case of private land, written consent of the owner, occupier and, if any, mortgagee is required, or, where compensation has been assessed by a warden, proof must be furnished by the lease applicant that such amount has been paid.

Upon request by the applicant, the Mines Dept. will defer the granting of a lease to permit prospecting by the applicant to determine whether the ground warrants the lease. In effect, the lease application can be made to operate as a prospecting area. 30

Applications for a mineral lease must be accompanied by a deposit of £10 to cover survey fees etc. On granting of the lease a rental becomes payable. This depends on the nature of the deposit being worked and ranges between one shilling and £5/acre/annum. A Royalty which also varies according to the nature of the deposit is also payable. Mineral leases are granted for a period of 5 years, but may be renewed for further term. 40

OPTION: Mr. McRae stated that he and his brother would be prepared to consider granting an option pending investigations on the following terms, namely, an initial cash payment for the option and, if exercised, a consideration involving a further payment in cash plus a royalty.

No specific purchase price was mentioned, but Mr. McRae indicated that total cash payments would have to be well in excess of £10,000 and that royalty required would be in the order of three shillings per ton of iron ore.

ECONOMICS: Critical factors would be firstly the f.o.b. price obtained for the ore and secondly the freight and handling charges involved in delivering the ore into the ships hold. According to McRae, the ore could be transported the 5-7 miles to railhead by road at a cost of sixpence per ton mile. He also stated that the Dept. of Railways was amenable to negotiations for concessional freight rates. By negotiation, he believes a freight rate of 30/-d per ton or better could be obtained. On this basis, production costs of the following order could be expected for producing, say, 500,000 tons 65% concentrates/year from ore containing 50% iron.

	<u>Shillings/ton concentrate</u>	
Stripping	5	
Mining	10	
Beneficiation	20	
Transport to railhead	3	
Transport to wharf	30	
Wharfage and handling	10	
Royalty to vendors	3	
Royalty to Crown	1	
	<u>82</u>	30

- 3 -

Capitalisation, including investigations, would be perhaps £600,000 of which £500,000 would be represented by plant. On a production rate of 500,000 tons concentrate/year, reserves would be sufficient for at least 10 years operation.

On this production rate and assuming

- 1) Administration costs £50,000/annum
- 2) Depreciation is 15% per annum flat
- 3) 30% yield on capital is required

then total costs and hence f.o.b. price required, are as follows:

Shillings/ton of concentrate

Production costs	82.0	
Administration	2.0	
Depreciation (15% on £500,000)	3.0	
30% yield on capital	7.2	
	<hr/>	
<u>F.O.B. price required</u>	94.2	10

RECOMMENDATIONS: If it is desired to proceed further with this in this matter, the following initial action is recommended.

Determine rail freight and f.o.b. price obtainable and if sufficiently favourable, carry out our economic study to determine whether negotiations with the lease holders is warranted.

Yours faithfully,

A.G.P.

A. G. Palmer. 20

14th December, 1960

The Secretary,
Stanhill Consolidated Limited,
c/- E. R. Hudson Esq.,
16 O'Connell Street,

SYDNEY. N. S. W.

DR TO A. G. PALMER:

To Professional Services in connection with
the Nowa Nowa iron ore deposits Victoria.

Preliminary investigation in
Melbourne, 7/12/60 and report

10

£40. 0. 0

Expenses:

Fares and		
meals	£30.11. 0	
Publications	<u>17. 6</u>	
	£31. 8. 6	<u>31. 8. 6</u>
		<u>£71. 8. 6</u>

1350. Exhibit 12 - Copy
Palmer's account
14/12/60

14th December, 1960

The Secretary,
Queensland Mines Limited,
C/- E. R. Hudson, Esq.,
16 O'Connell Street,
SYDNEY. N. S. W.

DR TO A. G. PALMER:

To Professional Services in connection with the
Nowa Nowa iron ore deposits, Victoria.

Preliminary investigation in
Melbourne and report. 10

£40. 0. 0

Expenses:

Fares and meals £30.11. 0
Publications 17. 6

31. 8. 6
£71. 8. 6

Submitted March 1963
as instructed E.R. Hudson.

(Init.)

20

1351. Exhibit 12 - Copy
Palmer's account
14/12/60

8th May, 1961.

The Secretary,
Queensland Mines Limited,
C/- E. R. Hudson Esq.,
16 O'Connell Street,
SYDNEY. N. S. W

DR TO A. G. PALMER:

To Professional Services in connection with the
Nowa Nowa iron ore deposits, Victoria.

Preliminary investigation in
Melbourne and report.

10

£40. 0. 0

Expenses:

Fares and meals	£30.11. 0	
Publications	<u>17. 6</u>	
	£31. 8. 6	<u>31. 8. 6</u>
		<u>£71. 8. 6</u>

Replaces Stanhill A/C
as instructed by E.R.H.

DRAFT.

S.C.
has

Mr. E.R. Hudson representing Stanhill Consolidated licenses acquired exploration over iron ore deposits in Tasmania ~~including~~. The Savage River deposits which, as a result of recent drilling of the Tasmanian Mines Department have estimated reserved ^s ~~tonnage~~ of 2 hundred million tons. Stanhill Consolidated, has undertaken to be responsible for the formation of an Investigating Company with a capital of £1. million pounds ~~in-order~~ to carry out a detailed investigation of the Savage River and other iron deposits in Tasmania ~~as-well-as-early~~ with-a-view to determining ^e the economics of establish^{ing} whether the new steel industry can be established in Tasmania. Overseas technical assistance will be obtained and ~~investigations will~~ ^{consideration otherwise given} provide not only from a point of view of establishing a more convenial blast furnace industry but-also ^{to} the use of ~~more~~ modern ~~technical~~ methods of direct reduction and the use of electric power ~~instead-of~~ in place of ~~coal~~ ^{coal} coke. 10

The present action being taken by the Company is the results of a careful technical investigation of the iron ore reserves in Australia and the result of the view following such investigations that any new steel industry would, on the present known reserves be established of the Savage River deposits. 20

Although arrangements have been made to commence drilling immediately, it would be some three months before the necessary technical staff can be

appointed and a public Company formed for the purpose of carrying an initial two years investigation. The establishment of a new steel industry would have

2.

a at effect of the economy of Australia and would in itself involve a very large capital expenditure.

The basis on which the investigation would take place is that steel can be produced on a comparable price as that being produced by the Broken Hill Pty. Ltd. There is a large local demand as well as availability for export markets but the should the establishment of such an industry prove to be uneconomical its output will fill an increasing demand for production in Australia. 10

The combining together of a large technical staff from Australia and Overseas is now being undertaken. The Company is now being formed in Tasmania with a capital of £200 million pounds which will only come into operation provided the technical investigation over the next two years are satisfactory, but will be formed at the same time as the Investigation Company so that it can enter into arrangements whereby the larger capatilised Companies will take over the of the Investigating Company. 20

It is anticipated a Prospectus of the Investigation Company will be issued approximately

Exhibit 75 - Draft
Statement of E.R.Hudson

in three months time. The capital of the Company
will be 75% Australian, Overseas interest being
limited to 25%.

DAVIES, CAMPBELL & PIESSE
SOLICITORS

L M PENN-TONKIN
R N DARLING
J S KIDDIE

CABLE AND TELEGRAPHIC ADDRESS
SIGNET"
TELEPHONES * 62 6671

OUR REF PT/J
YOUR REF.

TRUSTEES CHAMBERS

401 COLLINS STREET
(FIFTH FLOOR)

MELBOURNE, CI.

27th January, 1961.

Mr. R. Hudson,
16 O'Connell Street,
SYDNEY, N.S.W.

Dear Sir,

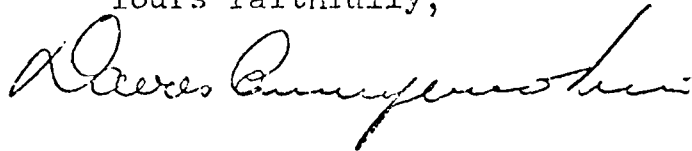
re Stanhill Consolidated Limited

We confirm our telegram reading as follows:-

"STANHILL CONSOLIDATED REGISTERED TASMANIA 28TH
NOVEMBER 1960 NO. 4006 IN REGISTER OUR AGENTS
IN TASMANIA SIMONS WOLFHAGEN IF NEEDED"

We forwarded this telegram to you at the request
of Mr. S. Korman. For your information, we enclose
a copy of the Certificate showing the Tasmanian registration.

Yours faithfully,



Enc.

Exhibit 21 - Letter
from Davies Campbell &
Piesse re Certificate
of Registration, 27.1.61
1356.

No. of Company

4006

TASMANIA

THE COMPANIES ACT, 1959

THIS IS TO CERTIFY that a Company called the

STANHILL CONSOLIDATED LIMITED

formed or incorporated in

the State of Victoria

and having

an established place of business in Tasmania did on 10
the TWENTY-FOURTH day of NOVEMBER, 1960 duly lodge
in the office of the Registrar of Companies particu-
lars of its name and the name and place of abode or
business of the person appointed by such Company as
agent of such Company for the purposes of Part XI of
the Companies Act 1959 and that the name of the
present agent is Arthur Harry HINMAN,

No. 10a Fisher Avenue, SANDY BAY

and that the registered office of the Company in
Tasmania is situated at 20

No. 86 Collins Street, HOBART in Tasmania.

GIVEN under my hand this TWENTY-EIGHTH day of
NOVEMBER, 1960.

Registrar of Companies.

16 O'Connell St.,
SYDNEY.

31st January, 1961.

The Director of Mines,
Mines Department,
HOBART.

Received - 9 FEB 1961
Answered

Dept. of Mines
Ref. No. 567a/61

(Initials)

Dear Sir,

10

In making the attached Application for an Exploration Licence, I confirm the purpose is to carry out, over a period of 2 years, developmental and technical investigation at an estimated cost of £1 million to ascertain if an integrated steel industry, at an approximate cost of £100/£150 million can be economically established in Tasmania.

Briefly, the manner in which investigations will be proceeded with are:-

- a) Immediate steps will be taken to establish means of access and to commence a geological survey. 20
- b) A Public Company to be known as Tasmania Steel Investigations Ltd., shall be incorporated in Victoria with a paid up capital of £1,000,000 being the estimated expense of carrying out all necessary geological, geo-physical, aerial surveys and all other developmental work and technical investigations, as will enable a decision to be made as to the economics of the establishment of such a steel industry. Stanhill Consolidated Ltd., will contribute £500,000 to such Capital and will undertake the formation of the Company in Tasmania. 30
- c) Drilling of the ore body will commence within a period of three months and will continue throughout the two year period at an estimated cost of £250,000 to £300,000.
- d) Anticipated expenditure during the first three months is £50,000 and for the next three months £100,000. As the Company builds up a technical staff, both local and overseas, expenditure will increase and it is estimated expenditure, during the following three six-monthly periods will be approximately £250,000 each. 40

1358. Exhibit "A4" - Letter
to J.G.Symons, 31.1.61

- e) The Company will form an association with Overseas steel organisations whose technical staff will undertake investigations of the most economic method of treatment and provision has been made in the estimate for the erection of a Pilot Plant.
- f) Overseas capital investment will be limited to 25% of capital and the project, if successful, will be predominantly Australian. 10
- g) As the question of site is one of great importance, the Company will, with your consent, drill all known iron ore deposits in Tasmania.

Yours faithfully,

E.R. Hudson

MINUTES OF A MEETING OF DIRECTORS OF
FACTORS LIMITED HELD AT "STANHILL" 34
QUEENS ROAD, MELBOURNE ON TUESDAY 7TH
FEBRUARY, 1961.

DIRECTORS PRESENT:

Mr. W.O. Burt (in the Chair)
Messrs. S. Korman, H. Korman, C.R. Daley,
E.J.K. Thompson, L. Korman, D. Korman and
J.C. Carrodus.

10

Mr. E.E. Fookes and the Secretary were also
in attendance.

ALTERNATE DIRECTOR:

The Secretary tabled a letter from Mr. I.K.
Redpath, appointing Mr. A.A. Williams his alternate
during his absence overseas.

The Directors received the letter and approved
the appointment.

Mr. Williams was notified and requested to
join the meeting.

20

MINUTES:

Minutes of a meeting of Directors held on the
9th December, last having been read by the Directors
were confirmed and signed by the Chairman as a true
and correct record.

CHAIRMAN OF DIRECTORS:

Mr. Burt expressed his desire to retire from
the position of Chairman of the Company, but due to
the unanimous request of the Directors, agreed to
defer any decision to a later meeting.

30

MANAGING DIRECTOR:

It was resolved that the minutes of the meet-
ing of Directors held on December 9th last relative
to the appointment of Mr. J.C. Carrodus be amended
by deleting the words "Deputy Chairman" and sub-
stituting the words "Managing Director".

QUEENSLAND MINES LIMITED:

The Chairman reported that Kathleen Invest-
ments Limited Board was meeting on Friday next,
February 10th. It was agreed that this matter be
deferred pending advice from that meeting.

40

PAYMENT DUE TO ROCKMAN FAMILY:

Mr. Carrodus reported on the negotiations with Mr. Norman Rockman with a view to deferring payment of an amount of £287,000.

Mr. Rockman had made the following proposals:-

1. Payment of $\frac{1}{3}$ of the amount together with interest due immediately. 10
2. Payment of the balance by four equal instalments on last day of March, April, May and June 1961.
3. Payment of interest at the rate of 9% per annum on a day to day basis on the amounts outstanding.
4. Security to be provided equal to twice the amount outstanding.
5. Acknowledgement by Factors Limited that the Rockman family had performed their obligations under the original agreement. 20

It was resolved that Mr. Carrodus should be empowered to make the best possible arrangement embracing these proposals and endeavour to have the first payment deferred as long as possible.

W.O.B.

A72

Cont.,

It was further resolved that the variation agreement, when completed should be sealed with the Common Seal of the Company. 30

PROSPECTUS FOR DEPOSIT ISSUE:

It was resolved that the Company should proceed with an issue of Registered Redeemable Deposits and that arrangements for the preparation of the Trust Deed and Prospectus be left to Mr. E.E.Fookes.

DEBENTURE FROM HONG KONG:

Mr. Carrodus reported that he had received communications from Mr. I.K. Redpath at present in Hong Kong, to the effect that he was negotiating for a Debenture of £2,000,000 to be raised in Hong Kong. 40

Mr. Burt and Mr. Fookes were requested to

proceed with the preparation of the necessary documents for the issue of a Debenture in Hong Kong.

SALE OF PROPERTIES:

It was resolved that in order to assist the liquidity of the Company any properties of the Company should be available for sale. It was further agreed that the properties should be sold for the highest possible price. If an offer is received which is in excess of cost plus 10% then Mr. Carrodus is hereby authorised to proceed with the sale. Any offer of a lesser amount should be referred back to the Board. 10

SCRIP:

The Secretary reported that certificates for the following securities had been signed and sealed with the Common Seal of the Company:

Ordinary Stock Units 20
Melbourne Register

457,234 Units covered by transfers 6098 - 8002 ex Holeproof.
166,036 Units covered by transfers 581 - 1054

Sydney Register

27,740 Units covered by transfers N104 - N259

Shares Paid to 3d.

67,852 Shares covered by transfers .. 1 - 115

Convertible Notes

37,398 Notes covered by transfers 2044 - 2119 30

Non-Convertible Notes

37,000 Notes covered by transfers 1 - 104

8½% Debenture Stock

£21,700 Stock covered by transfers 183 - 206

6% Debenture Stock

£3,100 Stock covered by transfers 1 - 5

Exhibit 117 - Minutes
of Meeting of Factors
Limited, 7.2.61

CHEQUES:

Payment of cheques numbered 2531 to 2762 inclusive and totalling £1,289,328.12. 1. was confirmed.

READ AND CONFIRMED

W.O. Burt
CHAIRMAN

17/4/61

10

17225

QUEENSLAND MINES LIMITED

REG. OFFICE: NORTHBOURNE CHAMBERS
NORTHBOURNE AVENUE, CANBERRA

MELBOURNE OFFICE
401 ST. KILDA RD., SC2
TELEPHONE BM 3685

TELEPHONE
CANBERRA J 2927

SYDNEY OFFICE
10 O'CONNELL STREET
TELEPHONE BL 2632

SYDNEY.

9th February, 1961.

J. G. Symonds, Esq.,
Director of Mines,
HOBART, Tas.

014/01

Dear Sir,

I would like to confirm that this Company will accept full responsibility for all costs and expenses in connection with the new drill hole at the Savage River iron ore deposits.

I would also like to extend my appreciation to your Geological staff assisting in arrangements whereby the drill, at present in the area, can be immediately utilised.

I also appreciate your Department's offer to enable piping and other equipment belonging to your Department on the site to be purchased and would appreciate receiving an account at your convenience.

Yours faithfully,
QUEENSLAND MINES LIMITED

E. R. Hudson
Managing Director.

1364. Exhibit "A5" - Letter
Hudson to Symonds,
9th February, 1961

KATHLEEN INVESTMENTS (AUSTRALIA) LIMITED

MINUTES OF MEETING OF DIRECTORS
HELD AT 16 O'CONNELL STREET, SYDNEY
ON 9TH FEBRUARY 1961 AT 12 NOON

PRESENT: Sir John Northcott - Chairman
E.P. Hudson - Manager
Sir Alex Reid
Dr. F. Louat Q.C.
Messrs. M.R.L. Dowling
J.H.D. Marks 10
C.P. Tilley

The Secretary was in attendance

CONFIRMATION

OF MINUTES: The Minutes of the Meeting held on the 14th December 1960 were read and it was RESOLVED that they be confirmed.

MANAGING
DIRECTOR'S
REPORT:

(a) Proposal re Factors Ltd:

The Managing Director reported further on the proposal that A.O.E. Limited purchase the interest of Factors Limited in Queensland Mines Limited. 20

He advised that the purchase could be financed by an issue of 425,000 Shares at 15/- each.

The effect of this issue would be to reduce the dividend from 1/3d. per Share per quarter to 1/1d. per Share per quarter, a total of 2/4d. per Share over the period of the U.K. A.E.A. Sales Contract with Mary Kathleen Uranium Limited, but that this must be taken in the light that Shareholders were being permitted to take up Shares in this Company, viz: Kathleen Investments (Australia) Limited for 15/- each which have a market value of approximately 20/- each. 30

He also advised that there was a possibility that Factors Limited would desire to retain between 15% and 20% of the Shares held by them. 40

He provided the following information to the Meeting in connection with Queensland Mines Limited.

Exhibit "AU" - Minutes
of Meeting of Kathleen
Investments, 9.2.61

1. Capital required for the installation of Plant - £m.1.
2. Estimated cost of production of Uranium Oxide after amortization of Capital works - £3. 5. 0. per pound.
3. He recommended that no action be taken in reference to the setting up of a Plant until a Contract becomes available. 10
4. Administration costs of Queensland Mines now stand at approximately £5,000 p.a.
5. The estimated Ore supplies are equivalent of 2,500 tons of Uranium Oxide on to-day's value at £25,000,000.

/cont.... 20

- 2 -

In relation to Australasian Oil Exploration Limited Mr. Hudson reported:-

1. The Company's cash resources are approximately £200,000
2. The Company's other assets excluding the Shares in Queensland Mines Limited are valued at approximately £150,000

On the suggestion of Mr. Hudson it was resolved that a Committee of the Board consisting of Messrs Marks & Tilley be appointed to investigate the proposal that Kathleen Investments (Australia) Limited purchase the 51% interest of Factors Limited in Queensland Mines Limited. 30

Dr. Louat suggested that the interest of A.O.E. Ltd. be offered to Factors Limited or one of the Companies of the financial group associated with it, for say £100,000. 40

It was resolved that:-

Exhibit "AU" - Minutes
of Meeting of Kathleen
Investments, 9.2.61

Mr. B. Dickinson be appointed as a Consultant to investigate and report on the result of development work on Anderson's Lode and the Skal Lease and also the availability of a suitable treatment for the Ore and generally to advise the Board as to the economic value of the areas both present and future and if possible an assessment of the present day value of a 51% interest in Queensland Mines Uranium interests. 10

(b) Report dated 7th February 1961:

It was decided that this Report be received and it was suggested that it be the subject of discussion at the Annual General Meeting.

(c) A.O.E. Limited: 20

Mr. Hudson reported on negotiations in connection with the acquisition of a controlling interest in a Rutile producing Company.

REPORT ON
M.K.U.LTD.
BY DR. F.
LOUAT &
MR. C.F.
TILLEY:

The Report on operations of Mary Kathleen Uranium Limited for the month of November 1960 which had been circulated to Members was the subject of discussion. 30

FINANCIAL
STATEMENT:

The Secretary submitted a Financial Statement for the period of 14th February 1960 to the 9th February 1961 which showed a balance to the credit of the Company's Bank Account of £100.14.4.

Accounts passed for payment were as follows:-

Directors' Fees	366.10. 0.	
Registry Expenses - Commonwealth Bank of Aust.	3,545. 5. 4.	40
Imprest Account reimbursement	226.17. 2.	

/cont....

- 3 -

The Secretary also tabled a pro-forma Balance Sheet as at 31st December 1960 together with Profit & Loss Appropriation Account.

It was decided that included in the Annual Report to Shareholders should be comments regarding:- 10

- (a) Increased Capital during the year under review.
- (b) Registry Expenses.

ANNUAL
GENERAL
MEETING:

It was decided that arrangements be made for the holding of the Annual General Meeting of the Company ON the 6th April 1961 at 10.30 a.m. followed by a Directors' Meeting on the same day at 2.30 p.m. 20

There being no further business to discuss the Meeting was declared closed.

CONFIRMED,

J. Northcott
CHAIRMAN.

TDH/1

10th February, 1961.

Mr. R. Hudson,
16 O'Connell Street,
SYDNEY N.S.W.

Dear Sir,

Enclosed is a plan of the core boxes used for AX holes by this Department. Please note particularly the size (3' x 1'6") overall, as this will fit the racks. These boxes can be made of wood in Hobart but I believe the following firm make plastic boxes and these, providing they conformed to overall size would probably contain the core in a more intact condition. 10

Omicron Pty Ltd
Bulla Road
Airport West
ESSENDON
Vic.

Telephone 39 - 5756

Yours faithfully,

20

(J.G. Symons)
DIRECTOR OF MINES

101/2/2/1

QUEENSLAND MINES LIMITED

REG. OFFICE NORTHBOURNE CHAMBERS
NORTHBOURNE AVENUE, CANBERRA

MELBOURNE OFFICE
461 ST. KILDA RD., SC2
TELEPHONE BM 3685

TELEPHONE
CANBERRA J 2927

SYDNEY OFFICE
16 O'CONNELL STREET
TELEPHONE BL 2632

SYDNEY.

13th February, 1961.

J.G.Symons, Esq.,
Director of Mines,
Department of Mines,
HOBART.

640/61

Dear Sir,

I acknowledge receipt of your letter of the 10th instant.

Thank you for forwarding plan of core boxes used by your Department.

I have communicated with Omicron Pty.Ltd. and advised them I will call and see them in Melbourne.

Yours faithfully,
QUEENSLAND MINES LIMITED

Managing Director

Exhibit "All" - Letter
Hudson to Symons,
1370. 13th February, 1961

RECEIVED	23 FEB 1961	MAIL
ANSWERED		
DEPT OF MINES		
775/61		

The Director of Mines
 Mines Department
 Hobart
 Tasmania

H. O. Connell Esq
 Sydney

Feb 23. 1961

Dear Sir,

Exploration License 450 Square Miles East Coast

I desire to apply for an Exploration License of 450 square miles on the East Coast which has been marked out on my behalf by Mr Redgway

Notes to the Registrar and a copy of the newspaper containing the advertisement have been lodged with your Department

The area is required for investigation to determine the possible use of coal from this source for use in a proposed steel industry at Savage River

Initially a geological survey will be made of the area, to commence within thirty days at an estimated cost during the first four months of £10,000 which will be paid during the following

Exhibit 20 - Copy
 Application by Hudson
 for EL/5

by aircraft landing at selected locations
It is not possible to estimate the cost of such
landings under conditions of the security of estimated
maximum expenditures during the second period
of twelve months on development and
geological work would be \$10,000

Yours faithfully

E. P. [Signature]

MINUTES OF A MEETING OF DIRECTORS OF
QUEENSLAND RUBBER LIMITED HELD AT 461
ST. KILDA ROAD, MELBOURNE ON WEDNESDAY
1ST MARCH, 1961.

PRESENT: Messrs. I. K. Redpath (Chairman)

E. R. Hudson.

D. Korman.

The Secretary was in attendance.

MINUTES:

Minutes of a meeting of directors held on 22nd December last were read and confirmed and signed by the Chairman as a true and correct record.

MANAGING DIRECTOR:

It was resolved that the agreement with Mr. E.R.Hudson as Managing Director be terminated on 15th March next and that a lump sum retiring allowance of £4,270 be paid.

SURRENDER OF LEASE:

It was resolved that a section of land with an area of 6.5 perches and a frontage of 18.2 links to Hilary Street, Mt. Isa and held under Miners Homestead Perpetual Lease No. 3902 be surrendered, to enable the council of the Shire of Cloncurry access to its water reserve.

It was further resolved that the document of surrender be sealed with the Common Seal of the Company.

READ AND CONFIRMED



CHAIRMAN

27/4/61

1373. Exhibit "E8" - Minutes
of Meeting of Plaintiff,
1st March, 1961

111

Associated Diamond Drillers Pty. Ltd.

DIAMOND DRILLING CONTRACTORS

Telegraphic Address: "COREDRILL" Melbourne and Sydney

68A RAILWAY PARADE
BURWOOD, N.S.W.
Telephone: 74 8297

Address Your Reply to: Melbourne Office

REG. OFFICE
1017 BURKE ROAD
CAMBERWELL E6, VICTORIA
Telephones: WB 5292, WB 3767

3rd March, 1961.

CB.GE

Mr. E. R. Hudson,
16 O'Connell Street,
SYDNEY N.S.W.

Dear Mr. Hudson,

DIAMOND DRILLING
SAVAGE RIVER

Please accept this letter as formal confirmation that you called at our office last Monday, 27th February, for the purpose of informing us of your interest in the Savage River leases and that you requested we carry out the drilling of the hole recently sited by Mr. Ridgeway, your Geologist, on the same terms as we have been currently drilling for the Mines Department of Tasmania in this area.

No doubt the Mines Department informed you, and I am sure you are aware, all the drilling done by our Company at Savage River has been supervised on behalf of the Department by Rio Tinto. Our dealings have, therefore, been with Rio Tinto in the matter, and the most recent contract between our Companies for this work is dated 20th April, 1959.

I have not attempted to summarize this contract and now enclose a copy of it for your information.

Since your visit I have had a call from Rio Tinto who informed me they wish to dispose of their Land Rover presently at the drilling site but will allow us the use of the vehicle until we make other arrangements.

You might recall that I mentioned in conversation that our General Manager, Mr. Jack Skavaas, is at present in Sydney and that we discussed the desirability of him meeting you at an early date. As I will be in Sydney on next Monday, 6th March, I rang your office and confirm that your Secretary, Miss Robertson, arranged that you would meet Mr. Skavaas and me at your office at

Exhibit "AO" - Letter
Associated Diamond Drillers,
to Hudson, 3.3.1961

1374.

12 noon on that day.

Mr. Skavaas is looking forward to meeting you and we hope this meeting will be to our mutual advantage.

Yours sincerely,

ASSOCIATED DIAMOND DRILLERS PTY LTD.



(C. Bolton)
SECRETARY

Encl.

6th March, 1961.

C. Bolton, Esq.,
Associated Diamond Drillers Pty.Ltd.,
1017 Burke St.,
CAMDENWELL E.6.

Dear Mr. Bolton,

DIAMOND DRILLING - SAVAGE RIVER.

I acknowledge receipt of your letter of the 3rd instant and confirm arrangements whereby this Company will be responsible for the Company's present drill at Savage River under the same terms and conditions as applied to the Mines Dept. of South Australia who took over responsibility from Rio Tinto.

Mr. Ridgway our Geologist will supervise the present drill in place of Rio Tinto.

I discussed with Rio Tinto the question of their equipment and agreed to purchase same, other than the Land Rover which they indicated they desired to trade in, but stated they would allow a reasonable time for other arrangements to be made.

I will communicate with you in the course of the next few weeks and make an appointment for yourself and Mr. Skavaas to visit the site in company with Mr. Ridgway and myself to discuss future drilling.

Yours faithfully,
QUEENSLAND MINES LIMITED

Managing Director

Exhibit "AO" - Letter
Hudson to Associated Diamond
1376. Drillers, '6.3.1961

111

Associated Diamond Drillers Pty. Ltd.

DIAMOND DRILLING CONTRACTORS

Telegraphic Address: "COREDRILL" Melbourne and Sydney

68A RAILWAY PARADE
BURWOOD, N.S.W.
Telephone: 74 8297

Address Your Reply to.....Melbourne.....Office

REG. OFFICE
1017 BURKE ROAD
CAMBERWELL E6, VICTORIA
Telephones: WB 5292, WB 3767

9th March, 1961.

CB.GE

Mr. E.R. Hudson,
Managing Director,
Queensland Mines Limited,
16 O'Connell Street,
SYDNEY N.S.W.

Dear Mr. Hudson,

DIAMOND DRILLING - SAVAGE RIVER

Thank you for your letter of 6th March in which you confirm the present arrangements for drilling at Savage River.

I confirm that our General Manager, Mr. Skavaas, and I visited your office last Monday and that you outlined for us the drilling you envisage for the Savage River leases.

We look forward to your invitation to visit the site in your Company in the next few weeks and further discuss the future drilling.

Yours sincerely,

ASSOCIATED DIAMOND DRILLERS PTY LTD.



(C. Bolton)
SECRETARY

Exhibit "AO" - Letter
Associated Diamond Drillers
1377. to Hudson, 9.3.1961

Tas drilling

Associated Diamond Drillers Pty. Ltd.

DIAMOND DRILLING CONTRACTORS

Telegraphic Address: "COREDRILL" Melbourne and Sydney

68A RAILWAY PARADE
BURWOOD, N.S.W.
Telephone: 74 8297

Address Your Reply to Melbourne Office

REG. OFFICE
1017 BURKE ROAD
CAMBERWELL E6, VICTORIA
Telephones: WB 5292, WB 5767

21st March, 1961.

CB.CE
Mr. F.R. Hudson,
Queensland Mines Ltd.,
16 O'Connell Street,
SYDNEY N.S.W.

Dear Mr. Hudson,

Thank you for your letter of 10th March in which you ask for an option on a machine for fourteen days.

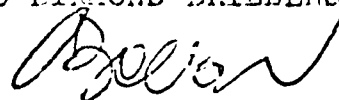
I think you must have misinterpreted my remark during our discussion in Melbourne if I gave you the impression that we had any drilling machines for sale. I am sure you will understand that as drilling contractors we only purchase machines for specific jobs, so that although we own numerous drills none of them are now. What I intended to convey is that we have some suitable machines we could transfer to Savage River at fairly short notice and said that we had one idle in Melbourne at that time.

Mr. Skavaas has now read your letter and he suggested that you let us know the type of machine you require and he could then give prompt consideration to whether we have one available. It would, of course, not be new but might suit your purpose.

On the other hand if you require a new one and care to let me know the capacity you require, I would be glad to secure the information promptly from Mindrill re availability, price, etc.

Regret the delay in answering your letter, but I have been away from the office for a few days.

Yours faithfully,
ASSOCIATED DIAMOND DRILLERS PTY LTD.



(C. Dalton)
SECRETARY

Exhibit "AO" - Letter
Associated Diamond Drillers
to Hudson, 21.3.1961
1378.

M2252R/2

QUEENSLAND MINES LIMITED

REG. OFFICE: NORTHBOURNE CHAMBERS
NORTHBOURNE AVENUE, CANBERRA

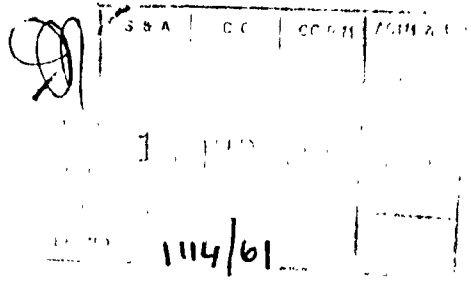
MELBOURNE OFFICE
461 ST. KILDA RD., SC2
TELEPHONE BM 3685

TELEPHONE
CANBERRA J 2927

SYDNEY.

SYDNEY OFFICE
16 O'CONNELL STREET
TELEPHONE BL 2632

15th March, 1961.



J.G.Symons, Esq.,
Director of Mines,
Mines Dept.,
HOBART.

Dear Sir,

Further to our telephone conversation, I expect to be in Hobart on Tuesday next 21st instant and will contact you in the hope that I may see you that afternoon.

Best regards,

1379. Exhibit "A12" - Letter
Hudson to Symons,
15th March, 1961

Plan for State steel industry

A COMPANY will be incorporated in Tasmania to investigate the economics of the establishment of a new steel industry in the State.

Mr. E. R. Hudson, a company director from Sydney, said in Hobart yesterday that the company would have a paid-up capital of £1,000,000 to make a geological survey, do diamond drilling development work, and conduct technical investigations.

The State Government has granted Mr. Hudson exploration licences over

iron ore deposits at the Savage River on the West Coast, and coal deposits on the East Coast of Tasmania.

Mr Hudson said that preliminary drilling and construction of access roads had begun.

Big reserves

The choice of the Savage River iron ore deposits as the basis of a new steel industry in Australia had been made as the result of a two-year investigation of known iron ore deposits in Australia.

Diamond drilling by the Tasmanian Mines Department and geophysical work by the Commonwealth Bureau of Mineral Resources during the past 18 months had indicated minimum ore reserves in excess of 100 million tons.

However actual reserves would be determined by drilling.

Technical investigations would include the economics of direct reduction and electric smelting, taking advantage of low-cost hydro-electric power which would be provided by a new hydro-electric scheme undertaken by the Tasmanian Government, as well as conventional smelting methods.

Mr. Hudson added that overseas consultants would assist in the technical investigations.

It was announced in Tasmania earlier this month that a Mainland company had been granted an exploration licence over an area of 117 square miles extending east and south from the 20-mile peg on the Corinna Rd. south of Waratah.

A suspension-type wire rope bridge, capable of carrying light traffic such as jeeps, was being built across the 80ft. wide Savage River.

Exhibit 142 - Press cutting
from Mines Department file,
22nd March, 1961

1380.

5th April, 1961.

C. Bolton, Esq.,
Associated Diamond Drillers Pty.Ltd.,
1017 Burke Rd.,
CAMBERWELL E.6. Vic.

Dear Mr. Bolton,

I regret the delay in not replying to your letter of 21st March, owing to my absence interstate.

I expected to be in Melbourne this week, but have had to postpone my visit and it looks as though it will not now be until next week when I will call and see you to discuss various problems, also with regard to your inspecting the area and offering a contract price in respect to future drilling. 10

My best regards,

Yours sincerely,

E.R. Hudson

Exhibit 30 - Letter
to Associated Diamond
1381. Drillers Pty.Ltd., 5.4.61

M2255.R.

STRATEGIC MATERIALS CORPORATION

161 EAST 42ND STREET
NEW YORK 17, N. Y.

ALEXANDER PUPULIDY
ASST. GEN'L. SALES MGR.

Handwritten signatures and initials are present over the routing slip. The routing slip includes the following fields:

W	S A A	CC & H	ACM
APR 14 1961			
1645/61			

April 14, 1961

Mr. J. G. Symons,
Director of Mines
Department of Mines
G.P.O. Box 124B
G.P.O. Hobart, Tasmania

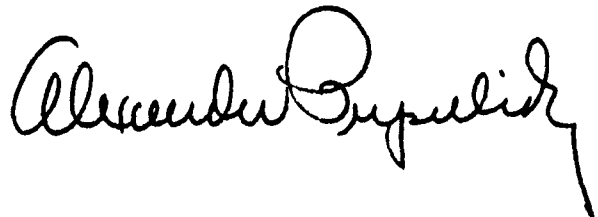
Dear Mr. Symons:

On the same day that we received your letter of February 17, an inquiry from Mr. E. R. Hudson of Queensland Mines Ltd., arrived indicating an identical interest. Furthermore, on April 13, we heard again from Mr. Hudson suggesting a visit by a technical representative. Our reply and other details developed on the basis of the information you supplied is enclosed and self explanatory.

Our technical staff which includes geologists and mining engineers, would be available to assist in the selection of the ores to be sent for the demonstrations recommended as well as to review the beneficiation procedure you contemplate using to obtain concentrates.

Your comments after review of this communication will be appreciated.

Very truly yours,



AP/mhg
Encls:

cc: F. C. Senior
M. C. Udy
R. W. Vollmer (2)

1382. Exhibit "A14" - Letter
from Strategic Materials
Corp. 14.4.1961

STRATEGIC MATERIALS CORPORATION

161 EAST 42ND STREET

NEW YORK 17, N. Y.

ALEXANDER PUPULIDY
ASST. GEN'L SALES MGR.

April 13, 1961

Mr. E. R. Hudson, Managing Director
Queensland Mines Ltd.
16 O'Connell Street
Sidney, Australia

Dear Mr. Hudson:

Upon receipt of your communication of April 7, addressed to Dr. Udy at Niagara Falls, New York, we sent you the following cable:

DUE TO START UP COMMERCIAL PLANT THIS MONTH UNABLE SEND TECHNICAL REPRESENTATIVE STOP ORE ANALYSES AVAILABLE FROM YOU AND SYMONS LEAVE NO DOUBT STRATEGIC-UDY PROCESS CAN SMELT TO DESIRED SPECIFICATION STOP PRELIMINARY DIRECT OPERATING COST INDICATE PIG IRON AT 13 AUSTRALIAN POUNDS PER NET TON USING EXPENSIVE LIMESTONE AT 3.65 POUNDS NET TON PLUS HIGH COAL COSTS OF 5.2 POUNDS NET TON COST FIGURES PROVIDED BY SYMONS STOP CONVERSION TO STEEL ESTIMATED AT SLIGHTLY UNDER FIVE POUNDS NET TON STOP PRELIMINARY ECONOMICS MOST ATTRACTIVE EVEN TAKING INTO ACCOUNT BROKEN HILL OPERATION STOP RECOMMEND DEMONSTRATION ON TEN TONS EACH CONCENTRATE AND ORE PLUS 2 TONS LOCAL COALS STOP STRONGLY URGE VISIT NIAGARA FALLS ONTARIO COMMERCIAL INSTALLATION BY YOUR TECHNICAL PEOPLE SOON STOP LETTER FOLLOWS NEXT WEEK.

In response to your request to provide a technical representative for discussions, we regret that it is impossible for us at the present time to provide such a representative due to the start up of our commercial facility at Niagara Falls, Ontario. Furthermore, our limited contacts lead us to believe that personal discussions of this nature are premature. Of course, we could be wrong about the stage of development and in this respect we would be willing to consider making a technical representative available at your expense.

Based upon information (attached) provided by Mr. J. G. Symons, Director of Mines, Department of Mines, Government of Tasmania, we have developed the attached operating

Exhibit "A14" - Annexure
to Letter from Strategic
Materials Corp. 14.4.1961

1383.

costs for a 1,000,000 net ton per year installation located in Tasmania. The direct operating costs of 13.2 Australian pounds and conversion costs to steel of 4.7 pounds for a total cost of 17.9 pounds are about the lowest we have developed in operations of this nature. These low costs result in spite of an exorbitant limestone cost of 3.65 pounds per net ton and coal costs of 5.2 pounds per net ton. We question the costs of limestone and coal in the light of the 4 pound per day labor rate presented in Mr. Symons communication. A more reasonable figure to us for uncalcined limestone (calcium carbonate) would be one pound per net ton and a more reasonable price for the sub-bituminous coal having 52% fixed carbon would be in the nature of 3 pounds per net ton delivered to the plant site.

High Freight Co. with all.

We, of course, are not in a position to fully evaluate the economics of such an installation. Therefore, we merely present the operating costs developed and leave the appraisal of this cursory evaluation to your technical staff.

Metallurgically speaking, the concentrates as well as the ore are most amenable to the Strategic-Udy Process. Due to the unusually low gangue in the concentrate we found it necessary, for this estimate, to make a 50/50 blend of ore and concentrate in order to provide a sufficient amount of fluxing material. Although this reduced the overall iron content somewhat, it provided the necessary gangue material for fluxing. The price of the mixture is calculated at 1.67 Australian pounds per net ton. This is based on 48 shillings per gross ton for the concentrate and estimating the ore costs at 1/2 the concentrate costs.

effect of Phosphor

From quality concentrate with low content of "say 1/2"

From the metallurgical point of view, the comparatively small amount of titania in the ore and concentrates presents no particular difficulty. In fact, a titania content as high as 19% can and has been successfully dealt with in the Strategic-Udy Process. To give you an indication of the ability of the Strategic-Udy Process to handle titania contaminated ores, the following analyses should prove of interest:

TITANIFEROUS ORE (CONCENTRATES)

50% - 100 MESH

(NO PELLETTIZING)

<u>Fe</u>	<u>SiO₂</u>	<u>CaO</u>	<u>MgO</u>	<u>Al₂O₃</u>	<u>TiO₂</u>	<u>P</u>	<u>S</u>
42.2	17.0	3.5	2.9	11.0	5.7	0.04	0.61

Exhibit "A14" - Annexure to Letter from Strategic Materials Corp. 14.4.1961

METAL PRODUCED (DIRECTLY)

<u>C</u>	<u>Si</u>	<u>S</u>	<u>P</u>	<u>Ti</u>
3.43	0.44	0.045	0.074	0.10
1.63	0.04	0.063	0.025	0.05
1.46	0.04	0.057	0.040	0.05

FROM ABOVE PRODUCED

<u>Grade</u>	<u>C</u>	<u>Si</u>	<u>Mn</u>	<u>S</u>	<u>P</u>	<u>Ti</u>
1010	0.11	0.47	0.77	0.028	0.018	0.05
1020	0.22	0.53	0.69	0.015	0.014	0.05
1035	0.34	0.46	0.81	0.017	0.018	0.05

Normally, in order to firmly establish the chemistry and economics of an ore, we have found it best to carry out an initial demonstration in a 100 KVA furnace on about 10 tons of ore. If the 100 KVA demonstration is successful, the next step is a 1,000 KVA demonstration on about 500 tons of ore. In each case both of these demonstrations are at the client's expense. With background of this nature, we can accurately establish detailed technical and cost factors which serve as the basis for commercial plant design and the process guarantees that are offered by ourselves and our engineers and constructors, the Koppers Company of Pittsburgh, Pennsylvania. This is the reason that in our cable of April 11, we suggested the shipment of both the concentrates and ore plus local reductants so that we can schedule the initial demonstration as soon as possible. Due to the unusually high quality of this ore, it might be possible to waive the 1,000 KVA demonstration on the 500 tons of ore. This waiver would depend upon the results of the small demonstration as well as the willingness of the Koppers Company to make the necessary guarantees based upon this small demonstration. For your information the cost of the 100 KVA demonstration would be in the range of \$ 12 - 15,000. Upon completion of the demonstration a detailed report is presented projecting the basic requirements for ore, limestone, reductants and electric power consumption. All demonstrations may be witnessed by your representatives. We believe that the results of such a demonstration would be effective proof of our ability to smelt this ore. We are sure you will agree that with this information in hand our technical representative's visit would be more meaningful and effective.

With respect to the request for the capital cost of a 1,000,000 net ton per year installation, we regret at this time that we are unable to give you any accurate capital cost figures. However, we would like to assure you that we are presently developing such costs based upon our first commercial installation for the production of ferrochrome and pig iron at Niagara Falls, Ontario. As soon as the cost data is developed, we will be pleased to pass it on to you. Of course, upon completion of the 1,000 KVA pilot plant demonstration at Niagara Falls, Ontario, and the preparation of the Koppers Company feasibility report, capital costs can be quite accurately predicted.

The list of commercial plants in various stages of construction and engineering are outlined below.

1. 25,000 ton per year ferrochrome installation - Niagara Falls, Ontario. Construction 99% completed and scheduled to commence operations on/or before April 15, 1961.
2. Venezuelan installation (conversion of one 33,000 KVA smelter to S-U Process). The rotary kiln has been in Venezuela since early this year and a construction schedule is being developed by the Koppers Company.
3. New Mylamaque - Kingston, Ontario. Preliminary and definitive engineering has been completed. This project is in the final stages of financing. As soon as this is arranged, detailed engineering will be undertaken. We expect construction to start this fall and complete the building of the plant by next summer. Its capacity will be 150,000 net tons per year of pig iron. Incidentally, the ore for this operation contains 5.7% TiO_2 .
4. St. Lawrence Steel - Preliminary engineering has been completed and financing is being arranged. Construction is expected to commence this fall with operations scheduled for September, 1962, at a capacity of 150,000 N.T.Y. of pig iron and merchant shapes.
5. Zeckendorf Steel - Anaconda, Montana. Preliminary engineering has been completed and final detailed engineering is scheduled to commence during June with operations starting in September of 1962. This installation is based upon copper smelter slag and will have a capacity of 350,000 net tons per year of ingots.
6. Acoje Mining Company - Philippines - 25,000 ton per year ferrochrome installation. Preliminary engineering will be completed during June of this year and construction is expected to start soon thereafter.

In addition to these six projects, there are several more that are close to the same stage of development. On two of these Sovereign Resources, Inc., and Canadian Javelin, Inc., we have attached copies of recent news releases which are self explanatory. Also attached is a copy of a letter from our President, Mr. Frank W. Chambers, to the stockholders announcing certain operations.

One final word with respect to the demonstrations mentioned previously. Many financial institutions such as the Development Loan Fund here in the United States and such similar organizations in England and Canada, require information as detailed in both the 100 KVA and 1,000 KVA demonstrations for financing purposes. Usually the 1,000 KVA demonstration along with the Koppers Company feasibility report provide the basis for financing by both direct loans and by permission from appropriate authorities for the issuance of common and preferred shares to be sold to the public.

In summary, we regret that we are unable at this time to send a technical representative. However, we will consider this matter further provided your organization would be willing to pay the costs of such a visit. The Strategic-Udy Process can efficiently smelt the ores and the concentrates presented in your communication and Mr. Symon's letter of February 17. The direct operating costs for the production of semi-steel or pig iron are most attractive even when one takes into account the Broken Hill operation. Direct operating costs amount to 13.20 pound for pig iron and conversion costs to steel are estimated at 4.7 pounds per net ton. The direct operating cost developed are certainly competitive and could be reduced by providing cheaper limestone and reductant. With respect to the metallurgical aspects, the titania contamination is not a problem and the concentrates need not be pelletized and may be fed directly as described in the enclosed literature. We believe that the Strategic-Udy Direct Reduction Process offers Tasmania an opportunity to develop this large natural resource of titania contaminated iron ore.

In the light of the above information, we would recommend a demonstration, initially, on the 100 KVA scale on approximately 10 tons each of concentrate and ore and 2 tons of the locally available coals. Upon an indication from you that there is continued interest, we will be pleased to present a firm proposal for this small demonstration.

Mr. E. R. Hudson, Managing Director
Queensland Mines, Ltd.

April 13, 1961
Page Six

We sincerely appreciate your interest in the Strategic-Udy Process and would like to assure you of our utmost cooperation in helping you realize the potential of this large natural resource. In the light of Mr. Symons communication of February 17, I am taking the liberty of sending him a copy of this letter.

Very truly yours,



Ap/mhg

Encls:

cc: F. C. Senior
M. C. Udy
R. W. Vollmer (2)

1388. Exhibit "A14" - Annexure
to Letter from Strategic
Materials Corp. 14.4.1961

DIRECT OPERATING COSTS PER NET TON

TASMANIAN ORE (SAVAGE RIVER)

HOT SEMI-STEEL 2,850 N.T.D.

1,000,000 N.T.Y. (350 DAY)

	<u>U.S. \$ N.T.</u>	<u>AUSTRALIAN POUND</u> <u>N.T.</u>
1. Ore (Blend 50-Conc./50-ore) 1.8 N.T. \$3.75 N.T.	6.75	(1.67) 3.00
2. Limestone 0.5 N.T. \$8.20 N.T.	4.10	(3.65) 1.82
3. Coal 0.6 N.T. \$11.70 N.T.	7.00	(5.2) 3.10
4. *Electric Power 1100 KWH \$0.0056/KWH <i>= 600,000 tons of steel</i>	6.20	(0.6 pence) 2.88
5. Electrodes - Soderberg 20 ^{lb} x \$.07/lb.	1.40	(.031) 0.62
6. Labor 1 MH/N.T. \$1.00/M.H.	1.00	(.445 MH) 0.45
7. Operating Supplies	1.50	0.67
8. Laboratory, Water, Slag Removal	0.25	0.11
9. Maintenance	0.50	0.22
10. General Works Expense	0.75	0.33
TOTAL DIRECT OPERATING COSTS	\$29.45	13.20
Conversion Costs to Steel (Oxygen L-D route)	10.55	4.70
TOTAL DIRECT OPERATING COSTS PER NET INGOT TON	<u>\$40.00</u>	<u>17.90</u>

*Includes Auxiliary Power of 100KWH/N.T.

Usual Price for Pig iron = £21 Aust

NOTE: To above costs must be added fixed charges such as depreciation, administration, sales expense, interest, insurance, etc.

/mhg
4/13/61

STRATEGIC MATERIALS CORPORATION

161 EAST 42ND STREET

NEW YORK 17, N. Y.

F. W. CHAMBERS
PRESIDENT

December 19, 1960

DEAR STOCKHOLDER:

A number of important developments have occurred since our last progress letter sent out to you in August.

Working capital requirements were resolved on November 10 when the company arranged a private placement of \$1,500,000 three-year 6% notes and three-year warrants to purchase 119,048 shares of common stock at \$12.60 per share.

Two process licensing agreements have been signed recently; one for the production of 25,000 tons-per-year of ferrochrome in the Philippines, the other with New Mylamaque Explorations Limited for the production of 150,000 tons-per-year of iron at Kingston, Ontario.

In November a memorandum of understanding was reached by Strategic Materials and Koppers Company with a responsible firm in India which may lead to the formation of a jointly-owned Indian company to build and operate a 100,000 ton-per-year plant.

Although the Venezuelan steel plant program is presently behind schedule, I believe that developments within that country, especially within the last week or so, are encouraging. The kiln is being shipped from Philadelphia this month, and we expect to start field work shortly after the first of the year.

The 40,000 ton-per-year ~~alloy~~ plant being built by The North American Coal Corporation is moving ahead rapidly and is expected to be in operation during the summer of 1961.

Construction of the commercial ferroalloy plant in Niagara Falls, Ontario is on schedule and is expected to be in operation March 1, 1961.

I am particularly pleased to report the election of two additional directors, Mr. Robert A. Maes, President of the Donner Foundation (Inc.) and Mr. Oscar Lasdon, Financial Consultant.

Other significant developments are pending and will be reported when they have crystallized. Your management looks forward to 1961 with a high degree of confidence.

Yours very truly,



Exhibit "A14" - Annexure
to Letter from Strategic
Materials Corp. 14.4.1961
1390.



SOVEREIGN RESOURCES, INC.

FIDELITY UNION LIFE BUILDING
DALLAS 1, TEXAS
RI 8-7578

TIME & LIFE BUILDING
NEW YORK 20, N. Y.
Judson 2-2233

FWC	JCU
GMM	WDW
EHD	WD
LAW	JP
SJB	File
Reply	
Pls see me	

RECEIVED
MAR 27 1961

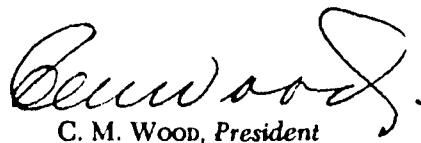
March 24, 1961

To All Stockholders:

The feasibility study made for your company concerning the installation of a steel mill at Palestine, Texas, has been completed. The report is definitely in the affirmative as to economics and other major considerations. Consequently, your company is pleased to advise you that as the first step towards the construction of the proposed plant and rolling mill, we have executed our option and purchased the 632 acres near Palestine for a building site for the plant.

All of the major items involved in this development, such as verification of iron ore and coal reserves as well as the costs of all raw materials and other items, have been established, and the projections resulting therefrom, both as to capital costs as well as economics, are very satisfactory. We expect to advise you from time to time of the progress made with the plans for the plant, as well as news concerning the other projects in which we are interested.

Respectfully yours,


C. M. Wood, President

1391. Exhibit "A14" - Annexure
to Letter from Strategic
Materials Corp. 14.4.1961

RECEIVED

MAR 15 1961

ST. JOHN'S, NEWFOUNDLAND

Julienne Iron Made Into Steel By Direct Electric Reduction

Brandishing a piece of steel in his right hand, Premier J. R. Smallwood told the House of Assembly yesterday afternoon it had been made from iron taken from Julienne Lake, Labrador. What made it equally important and perhaps historical, was the fact that the piece of steel had been made by direct electric reduction process.

Forty tons of crude iron ore, the Premier said, had been lifted by helicopter from Julienne Lake twelve miles from Carol and Wabush lakes, to the railway and landed at the rail head at Seven Islands. Then the ore was taken to Ontario. It was concentrated to sixty-five per cent iron and the concentrates were taken to Niagara and by the Strategic Udy process of electrical reduction the ore was reduced to pig iron. Then that pig iron was taken a week ago to another mill and made into steel. On Tuesday the Premier continued, the steel in turn was rolled out into steel sheets.

The Premier here reminded the House that on the previous day he had said the next great move would be for direct reduction of ore by electrical processes. "Here," he added, "is the first piece of steel made" by the electric reduction process. One day, he added, when the ore production had been increased to 15 or 20 million tons it would be a great development using the new process.

The Premier was glad, he said, to welcome Mr. John C.

Doyle to the Assembly and added that the piece of steel he held might develop into being a very historic object.

Mr. Doyle told the Daily News that toward the end of last year the crude ore had been flown out by helicopter from Julienne to the Wabush air strip and then loaded on the train for Seven Islands.

At Lakefield, Ontario, complete concentration tests on all samples were made and these proved the ore to be first class after beneficiating. Then the beneficiated ore was taken to Niagara Falls and put through the direct reduction pilot plant of Strategic Materials Corporation and Koppers Company of Pittsburgh, Penn. Koppers is one of the top engineering firms in the world.

The steel was made by using the Strategic Udy process. Mr. Doyle said, a Canadian processing invention. The great Koppers company considers this to be the most feasible of all direct reduction processes, Mr. Doyle added.

Mr. Doyle, who is President of Canadian Javelin, said his company was interested in harnessing the new ore processing plan to the power development in Labrador.

At Wabush Lake, Mr. Doyle said the Pickands Mather group would this summer build homes for 1200 employees in addition to a 25-mile railway from Seven Islands to Pt. Moir. The total outlay would exceed thirty million dollars, ten million of which would be spent on dredging and allied work in preparation for the dock facilities.

FWC.....	JCU.....
GMM.....	WBW.....
KHD.....	WHD.....
LAW.....	AP.....
SJB.....	File.....
Reply.....	
Pls see me.....	

Exhibit "A14" - Annexure to Letter from Strategic Materials Corp. 14.4.1961

11215-172

[Handwritten marks]

3rd Floor,
16 O'Connell St.,
SYDNEY.

17th April, 1961.

1646/61

J.G.Symonds, Esq.,
Director of Mines,
Mines Dept.,
HOBART.

Dear Sir,

On my return to Sydney yesterday, I received the attached cable.

While Mr. Ridgway is preparing a Report, I will, with Mr. Palmer, take out estimated costs of steel production by the Strategic Udy process.

It would be of material assistance if you could personally let me have the break-up of your costing of concentrates delivered to the plant at 48/-d and break up of lime-stone and coal costing.

I will be able to relate estimates of production costs with the proposed capitalisation, depreciation etc., and come to a decision whether the proposed project in Tasmania is likely to produce steel at a price comparable with, if not under B.H.P.

I know you will be pleased with the cable and it does seem that our thinking will prove correct.

I appreciate the Premier and yourself agreeing to concentrate efforts in establishing that the ore body is capable of direct reduction and obtaining estimate of costs thereof rather than placing all emphasis on drilling.

I believe that if technical information as to the process and costing can be sufficiently advanced within the next 3/4 months, there will be little difficulty in bringing the project to a successful conclusion.

I will arrange for Mr. Ridgway to return to Tasmania as soon as his report is finished, in order to organise, with your kind assistance and advice, immediate despatch to U.S.A. of 10 tons of ore. While I appreciate that the samples already barrelled could be used on the basis that the oxidised ore is equivalent to concentrated ore, I think it desirable to take a more representative sample of the ore.

I understood you had equipment arriving which would enable you to concentrate some 5 tons and would appreciate your advice as to when would be the earliest this equipment would be in operation, because if it is to be delayed, I could probably use, with little further expense, the pilot plant

Exhibit "A15" - Letter
Hudson to Symons,
1393. 17th April, 1961


that Queensland Mines Ltd., has installed in conjunction with Queensland University.

Dr. Miles, who will be attending to the study of coal supplies is away and it will be necessary for me to request you for assistance and advice in obtaining two tons of representative coal.

While I regard obtaining the samples as a matter of utmost urgency, I do not want to stop Mr. Ridgway completing his present work and it will probably be some days before he returns to Tasmania with me for the purpose of discussing with you and organising the obtaining and forwarding of samples.

Thanking you for your courtesy and assistance.

Yours faithfully,



E. R. Hudson

NEW YORK

LT.

"DUE START UP COMMERCIAL PLANT THIS MONTH UNABLE SEND TECHNICAL REPRESENTATIVE STOP ORE ANALYSES AVAILABLE FROM YOU AND SYMONS LEAVE NO DOUBT STRATEGIC UDY PROCESS CAN SMELT TO DESIRED SPECIFICATION STOP PRELIMINARY DIRECT OPERATING COST INDICATE PIG IRON AT THIRTEEN AUSTRALIAN POUNDS PER NET TON USING EXPENSIVE LIMESTONE AT 3.65 POUNDS NET TON PLUS HIGH COAL COSTS OF 5.2 POUNDS NET TON COST FIGURES PROVIDED BY SYMONS STOP CONVERSION TO STEEL ESTIMATED AT SLIGHTLY UNDER FIVE POUNDS NET TON STOP PRELIMINARY ECONOMICS MOST ATTRACTIVE EVEN TAKING INTO ACCOUNT BROKEN HILL OPERATION STOP RECOMMEND DEMONSTRATION ON TEN TONS EACH CONCENTRATE AND ORE PLUS TWO TONS LOCAL COALS STOP STRONGLY URGE VISIT NIAGARA FALLS ONTARIO COMMERCIAL INSTALLATION BY YOUR TECHNICAL PEOPLE SOON STOP LETTER FOLLOWS NEXT WEEK

STRATMAT

1395. Exhibit "A15" - Annexure
to Letter Hudson to Symons,
17th April, 1961

MINUTES OF A MEETING OF DIRECTORS OF
FACTORS LIMITED HELD AT "STANHILL"
34 QUEENS ROAD, MELBOURNE ON MONDAY
17TH APRIL, 1961.

DIRECTORS PRESENT:

Mr. W.O. Burt (In the Chair)
Messrs. S. Korman, C.R. Daley, I.K. Redpath,
I. Korman, L. Korman and J.C. Carrodus.

The Secretary was also in attendance. 10
Apologies were received from Messrs.
E.J.K. Thompson and E.E. Fookes.

MINUTES:

Minutes of Meetings of Directors held on the
7th and 16th February 27th and 30th March last hav-
ing been read by the Directors were confirmed and
signed by the Chairman as a true and correct record.

QUEENSLAND MINES LIMITED:

Mr. S. Korman tabled a letter from Kathleen
Investments (Australia) Limited advising that they 20
were not interested at present in making an offer
for this Company's holding in Queensland Mines
Limited.

The Secretary was instructed to forward the
agreement between Factors Limited and Australasian
Oil Exploration Limited to Messrs. Oswald Burt &
Co. with the instructions to prepare the necessary
notice to Australasian Oil Exploration Limited that
it was the intention of this Company to submit the
shares elsewhere. 30

ROCKMAN SHARE PURCHASE:

The Secretary tabled a statement that the
balance of principal still owing to the Rockman
family is £430,500.

This amount is payable as under:

30/4/61	£47,833. 6. 8.	
31/5/61	47,833. 6. 8.	
30/6/61	47,833. 6. 8.	
31/1/62	<u>287,000. 0. 0.</u>	
	<u>£430,500. 0. 0.</u>	40

HOLEPROOF INDUSTRIES LIMITED:

The Chairman advised that it was desirable that this Company should give some security to Holeproof Industries Limited for advances made and being made to this Company.

It was resolved that this Company will issue to Holeproof Industries Limited from time to time, 8% Debentures of a face value equal to the amount of advance and that as each repayment is made Holeproof Industries Limited will return for redemption Debentures equal to the amount of repayment. 10

It was further agreed that Promissory Notes given by this Company to Holeproof Industries Limited be returned for cancellation.

Cont.,

A79

REDEMPTION OF DEBENTURE STOCK: 20

It was resolved that the £1,209,000 of 8% Registered Mortgage Debenture Stock be redeemed.

This is portion of Stock Allotted to Stanhill Development Finance Limited at a meeting of Directors held on 14th September 1960, and consists of £209,000 8% 1967 Stock and £1,000,000 of 8% 1970 Stock.

BANK OF NEW ZEALAND:

The Secretary tabled letters from the Bank of New Zealand requesting information in support of the Overdraft arrangements together with a letter written to the Bank in reply showing that the Company had £11,272,356 of Assets in support of an overdraft of £800,000. 30

The meeting confirmed the action of the Secretary in supplying the information to the Bank.

ADVANCES TO ASSOCIATED COMPANIES:

A lengthy discussion took place as to the policy of advances to associated Companies of Factors Limited, after which the following resolutions were moved by Mr. I.K. Redpath seconded by Mr. C.R. Daley and carried unanimously: 40

Exhibit 118 - Minutes
of Meeting of Factors
Limited, 17.4.61

1. That until the full Board otherwise determines no funds of the Company be lent to or placed on deposit with any associated Company or with Chevron Sydney Limited or to or with any Company associated with an associated Company.
2. That all moneys received from the Commonwealth Bank against security given by this Company or by any of its subsidiaries be used for the purposes of this Company and for no other purpose. 10
3. That if at any time hereafter the full Board of this Company determines otherwise, then advances and deposits be made only against security (and not in anticipation of security being given) which security by reason of the relationship shall be proper and adequate and be expressly approved before advance is made. 20
4. That the proceeds of sale of assets or proceeds of realisation of securities of the Company or any subsidiary of the Company be applied only for the purpose of this Company and of its subsidiaries.
5. That it be an express instruction to management that the foregoing be strictly complied with in all respects. 30

ROCKMANS LIMITED - 341 Bourke Street Store.

Mr. Korman informed the meeting that arrangements had been made for Rockmans to dispose of the property at 341 Bourke Street, Melbourne for £205,000 plus a further £20,000 to spend on improvements and to lease back the premises for a period of 25 years. The lessors have requested that Factors Limited and Stanhill Consolidated Limited should act as guarantors for payment of the rentals under the lease. 40

The meeting approved the sale and resolved that Factors Limited would supply the guarantee required. It was further agreed that Stanhill Consolidated Limited be requested to give a similar guarantee in consideration of a fee of $\frac{1}{4}\%$ and a counter indemnity to Stanhill Consolidated Limited.

W.O.B.

A80

CONTINENT OF AUSTRALIA INSURANCE CO. LTD:

The Secretary reported that an amount of £7,600 was now due to the Continent of Australia Insurance Co. Ltd., in respect of Premiums due on Hire Purchase accounts. The Insurance Company was prepared to accept debentures for £7,600 for 2 years at 9% per annum. 10

It was resolved that from Debentures that have been redeemed an amount of £7,600 be issued to the Continent of Australia Insurance Co. Ltd., for two years bearing interest at the rate of 9% per annum.

HOLEPROOF INDUSTRIES LIMITED - ANNUAL MEETING:

The Secretary reported that it would be necessary to complete proxy forms for nominees of the Company to attend the Annual Meeting of Holeproof Industries Limited to be held on Friday April 28th next at 11 a.m. at Scott's Hotel, Collins Street, Melbourne. 20

It was resolved that the Chairman arrange for the nominees and that the proxy forms be sealed with the Common Seal of the Company.

RAISING OF FUNDS:

Mr. Redpath reported that a reply had been received from Exchange Control advising that they could not at present grant permission to obtain the loan from Hong Kong and that he proposed to ascertain the reasons for refusal. 30

Mr. Redpath further reported that in any case the Company was not able to comply with the requirements set out by the accountants for the proposed lender.

It was resolved that the Company should issue a prospectus as rapidly as possible for the issue of £500,000 - of Debentures with a top interest rate of 9½% per annum and that every effort should be made to have the issue underwritten. 40

Mr. Carrodus was requested to arrange for the Accountants to complete the accounts to 31st January last as rapidly as possible.

GUARANTEE FOR ROCKMANS STORES PTY, LTD:

The Secretary tabled a letter and form of Guarantee received from Rockmans Limited requesting Factors Limited to give a Guarantee to Wilson Trading Co. Pty. Ltd., on behalf of Rockmans Stores Pty. Ltd.

This became necessary as Rockmans Limited were not able to obtain letters of credit and with the Guarantee Wilson Trading Company Proprietary Limited would import goods for Rockmans Limited. 10

The Secretary advised that he had been advised by Mr. Brian Marks that it may be necessary to give similar guarantees to other firms importing goods and that it could involve an average amount of £25,000 per month.

It was resolved that the Company furnish the guarantees as requested by Rockmans Limited in the form to be approved by Messrs. Oswald Burt & Co. 20

MANAGERS REPORT:

The reports of the Manager, Mr. L. Coulston, for the months of January, February and March 1961 were received and adopted.

The Secretary was instructed to advise Mr. Coulston that to enable Mr. Bain to become familiar with the procedure

Cont., W.O.B.

A81 30

of handling accounts all letters written by Mr. Coulston should be shown to Mr. Bain, who is to initial the duplicate to indicate that he has read the letter.

It was further agreed that in future all instructions to the Company's Solicitors, must be accompanied by the complete file relating to the subject.

READ AND CONFIRMED

W.O. Burt

CHAIRMAN

30/5/61

40

3rd Floor,
16 O'Connell St.,
SYDNEY.

1688/61

18th April, 1961.

J.G.Symonds, Esq.,
Director of Mines,
Mines Dept.,
HOBART.

Dear Sir,

I assume that you have received a copy of Strategic Materials Corp's letter to me of April 13th, but if not, would you telegraph me and I will forward a copy.

Their costing is very close to the estimated costs we took out prior to taking an interest in Savage River, but at that stage, we did not contemplate the S.U.process and used, what was known on the costing of the R-N process of direct reduction.

The following factors were assumed.

Limestone	£3.0/ton
Power	0.5d/KWH
Water	6.0d/1000 galls.
Labour	£1.0/man hour
Supervision	£1.5/man hour
Waste Disposal	1.0 shillings/ton waste

Our estimated direct reduction costs were as follows:

Ore	1.6 tons	£3.75
Char(Vic.brickettes)	0.45 tons	4.05
Limestone	0.10 tons	0.30
Fuel	9.33 x 10 BTU	3.35
Power	127 KWH	0.27
Water (make up)	1000 gal.	0.03
Grinding balls & liners	2	0.12
Kiln relining	-	0.11
Briquetting press (tools & dies)	-	0.13
All other maintenance	-	1.12
Laboratory:Labour & materials	-	0.01
Direct operating labour	0.4 man hrs.	0.40
Supervision	0.06 " "	0.09
Tailing & waste	1.5 tons	<u>0.08</u>
Total direct plant costs	-	£ 13.81

Exhibit "A16" - Letter
Hudson to Symons,
18th April, 1961

The above calculations suggest that pig iron could be produced for a direct plant cost, excluding administration, general overheads and capital charges for a cost of round about £14 per ton as against the indicated BHP figure of about £11.10.0. per ton.

From the above, we assume the comparable costs of BHP are increasing due to higher capitalisation for plant replacement, affecting capitalisation, depreciation etc., and higher production costs of independent units being established in other States.

Cost of Product - £/ton

	<u>B.H.P.</u>	<u>Hypothetical Plant</u>
Sponge or pig iron	11.0	14.0
Ingots	14.4	17.0
Blooms	16.45	18.8
Billets	18.5	20.6
Merchant Bar	22.0	24.2
Structural Steel	24.6	26.0

These costs exclude administration, general overhead and capital charges.

The main cost factor is capitalisation.

Assuming that the establishment of the industry was on the basis of 1 million tons per annum, normal blast furnace costs would be in the vicinity of £120 per ton of annual capacity. BHP has been operating for the last 45 years and their capital investment represented by existing installation is very much less than this. It was as low as £65 million, but during the last year has risen to £95 million and of course all further capital costs will be on the approximate basis of £120 per ton of annual output.

On a normal blast furnace operation, a plant competing against BHP would need a capitalisation of £120 million to produce a quantity of steel approximately one third or less than that of BHP with a capitalisation of around £95 million.

An annual yield of 25% would be required on a capital investment before taxation.

Depreciation would be 5% of total capital investment per annum and administration about 5% of direct plant costs.

These figures would not take into consideration transportation of which the supply to Victorian markets would be approximately equivalent and could be estimated at £3 per ton.

The yield on capital on new plant would require, on a 25% basis, £3 million and depreciation £600,000 as against BHP's figure, prior to last year of £1,500,000 yield on capital and £300,000 depreciation.

Otherwise, on a 1 million ton output basis, BHP would have a total cost of yield on capital and depreciation, if one applied it to say merchant bar production as a guide, of £18 as against £36 for a new plant.

Exhibit "A16" - Letter
Hudson to Symons,

1402. 18th April, 1961

Our figures do not vary much from the figures supplied by Koppers Co. Inc. and Strategic Materials Corp. However, costing needs most careful consideration and the following factors should bring the final cost to Tasmania more in line with BHP.

Capital costs of direct process as distinct from blast furnace are probably in the order of £60 million and this would reduce the charge to be added to the final product for return on capital and depreciation and bring it into line with BHP with the advantage that any expansion of BHP would give them a higher capital cost than the capital cost of the direct plant in Tasmania and would work in the future, to the advantage of the Tasmanian organisation: otherwise reduction of capital costs would allow the Tasmanian organisation, if one adopted the S.U. figures, to be somewhere near BHP say £29 as against £31 Tasmania without taking into account administration and transport charges.

It does seem however that the following cost factors will need careful consideration and if possible, reduction, to bring costs in line with BHP.

Electricity - 0.6d. There is an avenue for considerable reduction in this charge. If the hydro electric scheme is to cost this amount, probably the Company could make its own power using diesel oil at a capitalisation of approximately £20 million to produce power somewhere about .3d to .4d and a possible saving could be made of approximately £1. If a further £1 can be saved in the cost of limestone and coal, then the Tasmanian project would come very close to BHP.

I have just taken out the figures roughly and of course they will now need closer investigation, but there would appear to be, on the evidence at present available, the prospect that steel can be produced in Tasmania at a price comparable to that of B.H.P. I feel this is the only standard to be adopted in considering whether the industry proceeds, at the present time, in Tasmania.

Of course, no marketability study has been made and it has been assumed that the product would be supplied to Australia. However, same may indicate that there is a ready export for the product outside Australia and particular attention should be paid to New Zealand as a possible market because New Zealand is importing at present United Kingdom steel at about 20% over and above BHP price without taking into consideration transport charges.

The position has arisen where technical information on processing and costing is the most important factor to concentrate on and not the drilling of the ore deposit.

I will come to Tasmania with Mr. Ridgway and discuss with you the obtaining and forwarding the necessary samples to enable the 100 KVA test to be undertaken. From this, a feasibility report could be obtained from Koppers plus a guarantee and this would then open up the avenue for wide public support to the project which, basically, is essential for successful capitalisation.

In view of the inability of Stanhill Consolidated to meet its undertaking to contribute £500,000 within a period of three months, it may be necessary for me to seek the approval of yourself and the Minister for Mines to an amendment of the Exploration Licences, giving me a further period of time in which to forward the samples, which I feel should be done under the super-

Exhibit "A16" - Letter
Hudson to Symons,

1403. 18th April, 1961

vision of a representative of your Department and myself.

I feel this is the soundest way to approach the matter and while it would have been easier had the finance been made available as undertaken, my own feelings are that it might be best not to bring in any large mining organisation, either local or overseas, until such time as the basic facts showing the probabilities of success have been established.

It is necessary to overcome the "bogie" of BHP and the easiest way to do this is to have sufficient evidence available to show that a product can be produced at a price comparable to, or lower than BHP.

Yours faithfully,

E. R. Hudson

1404. Exhibit "A16" - Letter
Hudson to Symons,
18th April, 1961

1/1

24th April, 1961

E.R. Hudson Esq.,
16 O'Connell Street,
SYDNEY
N.S.W.

Dear Sir,

IRON ORE DEPOSITS - SAVAGE RIVER

I was interested to receive your letter together with the copy of the telegram received from Strategic Materials Corporation. We have also received a letter from them enclosing a copy of their letter to you.

The costs set out by Strategic Materials are particularly interesting despite the high cost of coal and limestone - as I mentioned to you these costs were based on the worst possible freight conditions, and I am certain that they can be reduced considerably.

The cost figures were derived as follows :-

<u>Iron Ore</u>	<u>Per ton of ore</u>	<u>Per ton of conc.</u>
Mining Ore	7/-	
Overburden removal	7/-	
Concentration <i>of loading</i>	15/-	
	<hr/>	
Total	29/-	44/-
Transport by barge		4/-
Total cost derived at plant 48/- per ton of conc.		

Limestone

Mining	15/-
Crushing	2/-
Transport (including 8 mile rail haul and sea transport)	2.16.-.
	<hr/>
	£3.13.-.

Exhibit "A17" - Copy
Letter Symons to Hudson,
24th April, 1961

2.

Coal

Mining and Washing	2.4.--.
Rail and Sea Transport	3.--.
	<hr/>
	£5.4.--.

With careful plant design and proper selection of the coal and limestone sources I am certain that the freight costs can be reduced very substantially below the figures supplied to Strategic Materials Corporation.

It is interesting to note that Strategic Materials consider it necessary to blend the concentrate with ore in equal parts to provide sufficient gangue for fluxing. This suggests that many variations of mining and milling are possible. The results of our ore dressing investigations suggest that crushing to minus $\frac{1}{4}$ " or minus $\frac{1}{2}$ " before magnetic separation may be all that is necessary.

In reply to your query concerning concentration to supply ten tons of concentrate, we anticipate the delivery of our new magnetic separator in June, but the ball mill will be delayed somewhat - delivery probably in September. However as I mentioned earlier, the surface material already in drums closely represents concentrate in assay contents

Viz.	Lot A	15,000 lbs.	64.3% Fe	0.81% TiO ₂
	Lot B	64 tons	65.3% Fe	0.38% TiO ₂

The supply of ten tons of representative unaltered ore for blending may set a problem. It may be possible to supply a parcel of ore from C Adit of average iron content, but the sulphur content would be much below the average of unaltered ore.

The coal sample would be easily supplied and I suggest that washed coal be purchased from Cornwall Coal Company.

Yours faithfully,



(J.G. Symons)
DIRECTOR OF MINES

Exhibit "A17" - Copy
Letter Symons to Hudson,
1406. 24th April, 1961

MINUTES OF A MEETING OF DIRECTORS OF
QUEENSLAND MINES LIMITED HELD AT "STANHILL"
34 QUEENS ROAD, MELBOURNE ON THURSDAY
27TH APRIL, 1961

DIRECTORS PRESENT: Messrs. I.K. Redpath (Chairman)
E.R. Hudson
D. Korman.

The Secretary was also in attendance.

10

MINUTES:

Minutes of Meetings of Directors held on 1st and 20th March, 1961 were read and confirmed.

FUTURE OPERATIONS:

It was resolved that expenses should be reduced to a minimum and that certain assets should be sold at the best possible price.

To this end the meeting agreed to the following:-

- (1) The Mt. Isa Office be closed. 20
- (2) The Sydney Office be managed by Australasian Oil Exploration Limited and that a management fee of £15 per week be paid to that Company.
- (3) Mr. Hudson to arrange for the proper and permanent storage of all core boxes at present on the Mt. Isa sight.
- (4) Blue Metal Lease - Mr. Hudson to make the best possible arrangement for the disposal of the lease at Southport.
- (5) Mr. Hudson to arrange for the sale of the assets as set out hereunder: 30
 - (a) Stanley Street House
 - (b) Hilary Street House
 - (c) Furniture in Stanley St. House
 - (d) Furniture in the Mt. Isa Office.
 - (e) Two Land Rover Motor Vehicles
 - (f) One Champion Jeep
 - (g) One Trailer
 - (h) Diamond Drill Equipment.

LOANS FACTORS LIMITED AND AUSTRALASIAN OIL
EXPLORATION LIMITED:

The Secretary was instructed to request Messrs. Oswald Burt & Co., to prepare agreements to cover the loans made by Factors Limited of £16,659. 4. 0. and Australasian Oil Exploration Limited of £18,907. 1. 0.

10

The agreements to provide that the loans are to bear interest at the rate of 10% per annum and to be repayable on demand.

It was resolved that this Minute supercede a minute of a meeting of Directors held on 23rd July, 1959 relative to this matter.

CONSULTING GEOLOGIST:

It was resolved that the Company should retain Mr. Ridgway as consulting Geologist and that Mr. Hudson should advise the appropriate time to dispense with the services of Mr. Ridgway.

20

CONSULTANT:

It was resolved that Mr. E.R. Hudson be appointed a consultant of the Company at a salary of £500 per annum commencing from 1st April, 1961.

T. Gladstones

Q21

READ AND CONFIRMED

T. Gladstones
CHAIRMAN

13/2/62

30

QUEENSLAND MINES LIMITED

REG. OFFICE: NORTHBOURNE CHAMBERS
NORTHBOURNE AVENUE, CANBERRA

Melbourne Office
461 St. Kilda Rd., SC2
Telephone BM3685

Telephone
Canberra J 2927

Sydney Office
16 O'Connell Street
Telephone BL 2682

SYDNEY

1st May, 1961.

FWC... 5-7-61 JCU... 10
GMM... WBW...
EHD... WHD...
LAW... AP...
SJB... File..
Reply
Pls see me

A. Pupulidy, Esq.,
Assistant General Sales Manager,
Strategic Materials Corporation,
161 East 42nd Street,
NEW YORK 17 N.Y.

20

Dear Mr. Pupulidy,

I acknowledge receipt of your letter of the 13th ultimo and thank you for the interesting comments therein.

I have obtained a lease of the Savage River area from the Tasmanian Government and am proceeding with the formation of an Investigating Company for the purpose of carrying out further development and consideration of a suitable method of treatment.

30

Naturally consideration will be given to other direct methods of reduction, although your process, as a result of our study, would appear at this stage to offer the more favourable possibility if no difficulty arises in control of the steel.

The setting up of a new steel industry would involve large capitalisation and it is for this reason a Proprietary Company will expend a considerable amount of money over two years in detailed investigation.

40

I have decided to forward 10 tons of ore, ten tons of concentrate and 2 tons of coal as suggested, as early as possible, to enable a demonstration to be made of your process and will arrange for technical representatives to be present. It will probably be some six to eight

1409. Exhibit "A7" - Letter
to Strategic Materials
Corporation, 1.5.61

Exhibit "A7" - Letter
to Strategic Materials
Corporation, 1.5.61

weeks before representative samples can be obtained and forwarded, but I shall keep you advised of the position in relation thereto.

For your information, anticipated reserves at the Savage River

- 2 -

are approximately 200,000,000 - about 50,000,000 tons are fairly well defined as a result of drilling up to date. 10

I assume that if we accept your offer of a demonstration, your organisation is prepared to issue a feasibility report if the demonstration is successful.

It would be appreciated if you would forward immediately proposal for the small scale demonstration.

Yours faithfully, 20
QUEENSLAND MINES LIMITED

E.R. Hudson

1410. Exhibit "A7" - Letter
to Strategic Materials
Corporation, 1.5.61

Am
 3rd Floor,
 16 O'Connell St.,
SYDNEY.

3rd May, 1961.

1924/61
 J. G. Symonds, Esq.,
 Director of Mines,
 Mines Dept.,
HOBART.

Dear Sir,

Further to correspondence, enquiries show that the Australian Mineral Development Laboratories at Parkside, Adelaide have a capacity to mill and concentrate a 10 ton bulk sample of Savage River ore for despatch to the U.S.A.

They have magnetic separation and would be prepared to undertake the work.

Dr. Coffey, Director of the Australian Mineral Development Laboratories has had several years experience in direct reduction in America and worked for some time with Maurice Udy. I intend to call upon him in Adelaide in the near future as he may be of considerable assistance.

Mr. Ridgway and I will go to Tasmania on Monday 15th and will remain in Tasmania for some time until the question of the taking of the samples has been finalised and early arrangements made for their despatch.

Your assistance and the assistance of officers of your Department in the selection, designation and manner of obtaining these samples would be appreciated.

The obtaining of a feasibility report for the treatment of the Savage River ores and the estimation of costs prior to the formation of the public company to undertake the more detailed work is a necessity.

I have written to the Strategic Udy Corporation to supply me with more details of the proposed demonstration and would appreciate arrangements being made for yourself or some other officer of your Department to be present at such demonstration.

I would like your approval to obtain 100 ton sample of ore from the Blythe River deposits for the purpose of flotation tests and costing.

Subject to your approval, I consider that the drilling of the outside small deposits should be undertaken during the period prior to the formation of the public company so that their value, if any, can be assessed.

Mr. Ridgway has completed his report and I will bring a copy with me.

A jeep is now at Launceston and will be taken to Waratah and stationed there and is available to any of your officers who might be visiting the deposits should they require same.

Exhibit "A18" - Letter
 Hudson to Symonds,

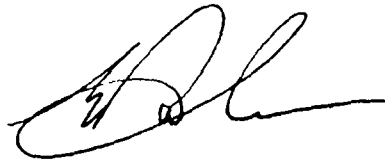
1411. 3rd May, 1961

Mr. Pearson offered to assist in connection with the completion of the bridge and I would appreciate you advising him of the approximate date of our arrival and ask if he could arrange to visit the Savage River on the Wednesday or Thursday of the week of our visit in company with us.

I would appreciate an interview at 10.a.m. on Tuesday 16th May as I would like to leave for Waratah in the afternoon.

I am most anxious to despatch the samples as the time lag for them to reach their destination and obtaining the results of the subsequent demonstration is causing me considerable concern.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'E. R. Hudson', written in a cursive style.

E. R. Hudson

Exhibit "A18" - Letter
Hudson to Symons,
1412. 3rd May, 1961

DRAFT STATEMENT.

Development work at the Savage River Iron Ore Deposits is continuing with satisfactory results.

Preliminary estimates of ore reserves of 200,000 tons seem justified, but in any event, sufficient development work has been accomplished to indicate that there are ample ore reserves to sustain a new steel industry in Tasmania, although it will be some time before the full extent of the ore reserves can be determined.

Preliminary investigations in the U.S.A. indicate the ore is amenable to treatment by direct reduction, the Titanium content presenting no problem.

Ten *4 bins of concentrate together with*

Twenty tons of iron ore [^] and 2 tons of local coal are being forwarded to the U.S.A. for demonstration purposes.

Preliminary cost estimates which have been prepared indicate the industry could operate on a competitive market, but more accurate costing will be available following the demonstration in the U.S.A.

The formation of a Public Company to complete investigations of various technical aspects prior to the formation of an Operating Company with a productive capacity of 300,000 tons per annum will await the result of the tests in U.S.A. which are not anticipated to be completed until mid-September of this year.

10th May, 1961.

Ref: M2.1 of 27 Apr. 61

Mr. J. C. Grover,
Geological Survey Department, B.S.I.P.
G.P.O. Box 62
HONIARA,
GUADALCANAL
BRITISH SOLOMON ISLANDS

Dear John,

Many thanks for your letter of the 27th April.

Development work at Misima has been concentrated on extensive costeaning over a large area of gold-bearing country with a view to developing a large low-grade open-cut proposition.

Three Companies are inspecting the area and probably one or another will carry out further development which could cost up to £200,000.

The interesting fact is that some of the companies would be interested in an overall grade of 2 dwts. if reserves were good.

Interest now is more on large reserves of low-grade than concentration of small reserves of high-grade ore mainly because modern equipment materially reduced production costs on open cut mining.

To a large extent, exploration of Gold Ridge has given predominance to the finding of small reserves of high grade ore and in view of the interest that our work at Misima has created, I feel that similar development at Gold Ridge might well lead to success.

By extensive costeaning at Misima we cut through quite a number of reasonable grade ore lodes and by adits and further development have been able to build up a possible high tonnage which would bulk on somewhere about 2/3 dwts.

It has been difficult at times not to concentrate on the higher grade ore bodies but by adopting an overall policy of developing the whole area it does appear we will bring this venture to a successful conclusion.

In the event of another Company taking over from us to complete development work we would be sufficiently capitalized and free to attack Gold Ridge using the same method of development.

1414. Exhibit 32 - Copy Letter
to Geological Survey
Department B.S.I.P.

J.C. Grover,

10th May, 1961.

I would appreciate you forwarding me Clutha's Reports. I gave Clutha all my records including assays, etc., and although these were returned to me, unfortunately they were destroyed when my office at Broken Hill was burnt out. I know you have copies of these reports and if you are prepared to forward same together with Clutha's I may be able, if P.I.M. does not undertake further development, to interest one of the three organizations now inspecting Misima.

One of the difficulties of course, is that once an organization such as Clutha turns down a proposition it is virtually impossible to interest other large organizations and probably the only way that Gold Ridge will be brought to a working proposition would be for an organization such as P.I.M. to go in and do sufficient development work to indicate potentially a large low grade proposition.

I intended to come up to the Islands having purchased myself a suitable craft, but currently am engaged in the possible development of a new steel industry in Tasmania based on the Savage River Iron Ore Deposits.

The Tasmanian Government has granted ^{me}leases over the iron and coal deposits in Tasmania, and I should think that for the next three months I will be engaged in bringing this matter to the stage of the formation of a Development Company but this would not interfere with my interesting P.I.M. or some other organization in Gold Ridge.

I note that Mr. Johnstone is still holding the leases and that he will be writing to me. The general trend today is not to ask for an option but to carry out investigations in the first instance to see whether in principal, one is interested, and if so, then to negotiate with the lessee.

Thanks for forwarding a list of your Mining References and in respect to these, I will write to you again in the near future. There is a considerable interest in manganese at present. If you care to forward me full reports in connection with the deposits, I may be able to interest an organization.

From my knowledge of these deposits although they are small and although the facilities in loading would involve a high capitalization on small reserves, still there is some possibility in their development and I may be able to assist you in some way in getting an organization interested.

My best regards to yourself and wife and I trust that we shall meet in the near future.

1415. Exhibit 32 - Copy Letter
to Geological Survey
Department B.S.I.P.

DATED 1961.

BETWEEN ERNEST ROY HUDSON

First Part

AND DUBAR TRADING PTY. LIMITED

Second Part

- D E E D -

MURPHY & MOLONEY,
Solicitors,
79 Elizabeth Street,
SYDNEY. BW8771.

THIS DEED made the 12th day of May One thousand nine hundred and sixty-one BETWEEN ERNEST ROY HUDSON of 16 O'Connell Street Sydney (hereinafter called "Hudson") of the one part AND DUBAR TRADING PTY. LIMITED a Company duly registered and having its office at 66 Clarence Street Sydney (hereinafter called "the Company") of the other part WHEREAS

Hudson has acquired an Exploration Licence No. EL4/61 over 147 sq. miles of Crown Land on the West Coast of Tasmania and known as the Savage River Iron Ore Deposits upon the terms therein stated and an Exploration Licence No. EL5/61 over an area of 450 sq. miles on the Eastern Coast of Tasmania for the purpose of exploring for Coal upon the terms therein stated AND WHEREAS the Exploration Licence No.

EL4/61 was granted by the Tasmanian Government to Hudson in order to enable him to carry out further development and technical inquiries and subsequently to form a Company for the purpose of carrying out more detailed investigations over a period of two (2) years to determine the economics of the establishment of a new Steel Industry in Tasmania AND WHEREAS Hudson in compliance with the terms of such Licences has arranged for certain work to be done including diamond drilling, construction of roads,

Ini- Bridge
tials. ~~been~~ and geological survey AND WHEREAS it is anticipated that the preliminary investigations prior

to the formation of the Company will involve a period of three (3) to four (4) months AND WHEREAS the Government of Tasmania has agreed to grant Hudson further Exploration Licences or Leases over other areas which may contain Iron Ore in Tasmania for the purpose of development to determine whether such deposits are suitable for the establishment of a Steel Industry in Tasmania and/or the development of an export trade in Iron Ore AND WHEREAS Hudson has requested the Company to provide certain finance for the purpose of exploring, prospecting and developing the areas covered by the said Licences and other Licences, Leases or other Mining Rights that might be obtained which the Company has agreed to do upon the terms and conditions set out in this Deed NOW THIS DEED WITNESSETH as follows:

1. Hudson shall continue to hold Exploration Licences Nos. EL4/61 and EL5/61 in his own right but shall hold all further

.../

- 2 -

Exploration Licences, Leases or other Mining Rights granted under the Mining Act of Tasmania to him or to any other person during the course of the investigations in relation to the Savage River Iron Ore Deposits and/or the export of Iron Ore from

Tasmania IN TRUST for himself and the Company in equal shares.

2. Hudson shall at all times use his best endeavours to obtain Exploration Licences, Leases or other Mineral Rights on the areas covered by the said Exploration Licences or elsewhere in Tasmania as he and/or the Company shall consider desirable.

3. Hudson shall do all things that shall be necessary from time to time to keep the said Exploration Licences and any other Exploration Licences, Leases or other Mining Rights current and on foot and shall comply with all the conditions and requirements of the Tasmanian Mines Department in regard thereto. 10

4. In consideration of the agreements herein contained on the part of Hudson the Company will be responsible for the payment of all current and future expenses in connection with the exploration, development and technical investigations necessitated under this Agreement PROVIDED HOWEVER that the total amount which the Company shall be called upon to pay shall not exceed THIRTY THOUSAND POUNDS (£30,000). 20

5. An account shall be opened in a Bank to be mutually determined in the name of Hudson and an amount of FIVE THOUSAND POUNDS (£5000) shall be placed by the Company to the credit of such account. At the end of each month re-imbusement will be

made of all moneys withdrawn from such account in respect of approved payments made from it upon presentation of the accounts and receipt and such other evidence of payment as shall be required by the Company and/or its duly accredited representatives.

6. The duly accredited representatives of the Company shall be such persons as are from time to time appointed by it in writing and until otherwise determined its accredited representatives shall be NEIL BARRELL of Sydney Accountant and SAMUEL BENSON DICKINSON of Sydney Mining Engineer. 10

7. The Company and its accredited representatives shall have

.../

- 3 -

full access at all times and be entitled to inspect all reports documents and other information in connection with the said exploration, development and technical inquiries. 20

8. All items of property purchased hereafter by Hudson for the purpose of the said exploration, development and technical inquiries shall be the ^{the} property of ~~his-own~~ Company until such time as all moneys expended by it under this Agreement shall have been repaid in full.

9. All moneys, shares in companies or other benefits received from the sale or disposition of

any Exploration Licences, Leases or Mining Rights now acquired or hereafter to be acquired by Hudson shall be charged in the first instance with repayment to the Company of such moneys as shall have been paid by it under the terms of this Deed and after payment of such moneys in full, shall be charged with repayment of expenses previously incurred by Queensland Mines Limited and/or Hudson and Stanhill Consolidated Limited. From such moneys, shares or other benefits Hudson shall be entitled to pay or satisfy such moneys or benefits by way of reward to persons who have assisted in regard to the exploration, development and inquiries as he shall think fit but not so as to include any payment or benefit to himself AND PROVIDED that the total amount ^{otherwise than} to be paid/ ~~to the Company or any other person~~ under this clause shall not exceed Thirty thousand Pounds (£30,000).

10. After payment and the setting aside of all amounts or benefits as set out in the last clause hereof, all exploration Licences, / Leases, Mining ^{(includes Explor-} tion Licence EL4/61 and EL5/61) Rights or property acquired in pursuance of this Deed shall be held by the person in whose name they shall then be for Hudson and the Company in equal shares.

11. Hudson shall devote such of his time and attention as is necessary to further the

establishment of an Iron and Steel Industry in Tasmania and/or the export of Iron Ore from Tasmania and shall give his services in that regard free of charge and shall himself bear and pay all expenses incurred, including travelling and other expenses to, from and in Tasmania.

IN WITNESS whereof the parties hereto have hereunto

.... /

- 4 -

set their hands and seals the day first hereinbefore written.

SIGNED SEALED AND DELIVERED by)
the said ERNEST ROY HUDSON in) Signed.....(Illegible)
the presence of:)

Solicitor,
Sydney.

For and on behalf of

THE COMMON SEAL of DUBAR TRADING
PTY. LIMITED was hereunto affixed
by the authority of the Directors
previously given and in the presence Signed..(Illegible)
of:
Director.

Witness Signed (Illegible)
.....

**INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED**

BL 2632
BW 5528

3RD FLOOR,

16 O'CONNELL STREET,
SYDNEY, AUSTRALIA

30th May 1961.

J.G. Symons, Esq.
Director of Mines
Mines Department
HOBART .. TASMANIA.

2378/61

Dear Sir:

I enclose a draft questionnaire which it is intended to forward to the Strategic Materials Corporation. I also enclose copy letter forwarded to the Corporation accepting their terms relative to the 100 K.V.A. demonstration. Alterations have been made to the original Questionnaire forwarded by you as follows:

ANNUAL PRODUCTION - 300,000 NET TONS.

This is in conformity with our recent discussions and would seem to be a more realistic approach to setting up a new industry which on a larger production rate of 1,000,000 tons would be on a competitive market with B.H.P.

AVERAGE SALES PRICE OF FINAL PRODUCTS.

£20 per ton has been shown for pig iron and £37.10s. for steel.

It would be difficult to work out the cost of finished products at this stage. In adopting these figures consideration has been given to the sale price of pig iron by B.H.P. at £22.10s. and of billets at £43 C.I.F. capital cities.

B.H.P. production cost of pig iron is approximately £8 and the steel billets approximately £12, but production costs include only raw materials, heating, etc.

Handwritten notes:
7/1/61 -
Lawrence
7/1/61
7/1/61

It would seem on preliminary evidence that it would not be possible to produce pig iron and steel billets at a cost comparable to B.H.P. but the success of the Company depends not so much on actual production costs - that is, raw materials, assembly and heating - as the cost structure such as capitalisation, depreciation, administration etc., to give the nett final cost and marginal profits on sale at the prices indicated above.

B.H.P. costs other than production costs are extremely high because of the diversification, development work etc., and it is felt that the advantage would lie strongly in the proposed Company's favour in this field.

/2 ...

Exhibit "A28" - Letter
Hudson to Symons,
1423. 30th May, 1961

B.H.P. sells pig iron at £22.10s. a ton to the Japanese and, assuming its production costs are only £8, one would anticipate capital as well as other costs would be reasonably high.

Initially it was felt production costs at the Savage River should be somewhat comparable to production costs of B.H.P., but on further consideration this does not appear to be the proper basis of determining the economics of establishing a new steel industry in Tasmania and that finally this question will be determined by capitalisation and profitability of the Company itself. There are too many unspecified cost factors within B.H.P. extended industry to make comparable costing.

COAL.

You will note that the Questionnaire gives the cost of coal as £4 per ton and also gives an analysis of local coal as well as imported coal.

On the question of cost, and in particular transportation, it needs to be borne in mind that the Company would have its own vessel or vessels the cost of which would be a capital charge and only maintenance and running costs would form part of production costs.

In examining B.H.P. costings the only available figures are at 1957 and would no doubt be materially increased as at this stage by at least £1 for pig iron and £1 for steel billets. Just how far their shipping costs - which are run on a two-way traffic delivering finished products and taking in bulk ore supplies - are adjusted to production costs would be impossible to say; and this indicates that the standard to be adopted in determining whether the Company can economically compete with B.H.P. should not be comparable with production costs of pig iron.

Coal at Newcastle which has a higher content of F.C. - namely 67.5 as against 52% local coal - and probably reduces the quantity of coal required - can be obtained round about £3. There will be a fall in price and a possibility of obtaining some below this figure. Assuming the Company had its own ship there seems no reason why coal could not be transported to the Savage River from Newcastle at approximately £1 per ton.

The same position will arise in reference to coal from Coal Bay in Tasmania, assuming coal production costs could be round £3 per ton - and here again transportation should not cost more than £1 a ton - so that it is felt that a reasonable preliminary estimate of cost of coal should be at £4 per ton, leaving it for the subsequent investigating company to alter this estimate by more precise figures.

/3 ..

Exhibit "A28" - Letter
Hudson to Symons,
1424. 30th May, 1961

LIMESTONE.

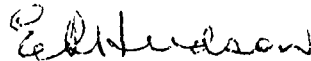
During my last visit Mr Ridgeway and myself visited Mr Hallett's mine. There are still substantial ore reserves and a railway line connecting the mine to Burnie. Mr Ridgeway estimated production costs at approximately 12s. per ton, freight is at 8s. per ton - and here again it is estimated that transportation with the Company's own vessel should not be more than £1 per ton. However, the probabilities are that the Company would draw its limestone from the deposits on the Savage River and/or Pieman River at a cost somewhat under £2 per ton.

During my next visit I will discuss with you the question of taking immediate steps to investigate and examine known limestone deposits adjacent to the Pieman River.

The greatest cost item is electricity and in this respect I should mention that the industry is receiving electricity in New South Wales at .6d. However, this is a factor that can be subsequently discussed to see whether the Company being a large user could obtain a reduction in these charges to say .45d.

I enclose copy of correspondence with Kayser Engineers International from which you will note that I suggested they might at our invitation attend the demonstration. I feel that at this stage it is premature and would only delay matters if the assistance of the large organisation is sought and that the matter should be proceeded with by a public company who could complete all the necessary preliminary work sufficient to interest international organisations in the final capitalisation and setting up of the industry.

Yours faithfully



E. R. Hudson.

Encl.
mt.

Exhibit "A28" - Letter
Hudson to Symons,
1425. 30th May, 1961

COPY.

29th May 1961.

Frank F. Davis, Esq.
Kaiser Engineers International
300 Lakeside Drive
OAKLAND 12 .. CALIFORNIA.

Dear Mr Davis:

Many thanks for your letter of the 12th instant.

Since discussing the matter with you, I have decided to continue with the development of this project to the stage of obtaining feasibility reports from the Strategic Udy Corporation and have arranged to send bulk samples for a 100 K.V.A. demonstration.

The samples are being obtained in conjunction with the Dept of Mines, Tasmania, and it is anticipated that the demonstration will take place approximately mid September.

Geophysical survey has been completed and indicates a substantial extension of the ore body.

Preliminary investigational work by Strategic Udy Corporation indicates production of pig iron at approximately £13 with limestone and coal costs at a high figure of £3.10s. and £5.15s. respectively. A more realistic approach to these cost items is now being made.

Limestone has been located in situ and is being investigated and it is considered coal costs can be reduced to £4.

I appreciate your Company may not be interested in this project, but if you would care to send a representative to be present at the demonstration at Niagara Falls, I would be happy to invite you and to make available any information as to treatment and costs, as it may be at some future stage your Company might feel interested in participating in the development of this project.

Should at any time your Sydney representative care to call on me, he could obtain, on loan, a copy of the consolidated report.

Yours faithfully

E.R. Hudson.

1426. Exhibit "A28" - Attachment
to Letter Hudson to Symons,
30th May, 1961

KOPPERS COMPANY INC. & STRATEGIC MATERIALS CORP.

PRELIMINARY QUESTIONNAIRE.

STRATEGIC-UDY DIRECT REDUCTION PROCESS.

Company: Department of Mines.
Address: Box 124B Hobart - Tasmania.
Plant Location: Savage River.

I. PRODUCT.

(a) Production Desired.

Please Check

Pig Iron
Ingot Steel.

(b) Required Annual Production - 300,000 Net Tons.

(c) Average sales price of final product, F.O.B. Plant,
per net ton --

£20 per ton pig iron.
£37.10s. per ton steel billets.

II. RAW MATERIALS.

(a) Analysis of Concentrate on dry basis - weight %.

Fe HCl Sol.	SiO ₂	Al ₂ O ₃	CaO	MgO	MnO	P	S	TiO ₂	Ignition Loss	H ₂ O
66.4	2.3	0.35	N/D.	N/D.	0.11	0.01	0.04			

(b) Cost of concentrate on a natural basis delivered to plant
site per gross ton -- 48/-.

(c) Proximate analysis of coal on a dry basis - weight %

	F.C.	V.M.	Ash.	Total.	H ₂ O	S.
Local:	52	28	20	100%	5.0	0.5
Imported:	67.5	21.8	10.7	100%	0.8	0.4 NSW Sth Coast.

(d) Cost of coal on a natural basis delivered to plant site
per net ton - £4.

(e) Analysis of limestone on a natural basis - weight %

Exhibit "A28" - Attachment
to Letter Hudson to Symons,
30th May, 1961

(e) Analysis of limestone on a natural basis - weight %

CaO	MgO	SiO ₂	Al ₂ O ₃	Fe ₂ O ₃	S	P	Other Elements.	H ₂ O
50.5	0.7	7.5	0.5	0.5	0.15	0.1	-	0.4

(f) Cost of limestone delivered to plant site
per ton net - 46/-.

III. UTILITIES.

(a) Cost of electric power per KWH 0.6 pence.

(b) Cost of available auxiliary fuels at plant site

Natural gas per 1000 SCF _____
Fuel Oil per gallon - 14.0 pence per Imperial gallon.

IV. LABOUR.

(a) Wage rate for common laborer including fringe
benefits per day - £4

V. PLANT INFORMATION.

(a) Type of plant site for the new facilities.

Please check

New plant site. ✓

Part of existing plant.

C
O
P
Y.

13 Paramount Tce
MORNINGSIDE .. BNE.

23rd May 1961.

Mr J. Fagan
Mt Bischoff Hotel
WARATAH .. TASMANIA.

Dear Joe:

I have just received analyses from D Adit and would like 5 tons from No. 4 sample in addition to what I have already given you.

The tonnage now required is:

Sample No. 1	1 ton - approximately 1½ 44 gallon drums.
No. 2	1 ton
No. 3	1 ton
No. 4	5 tons
No. 5	1 ton
No. 6	1 ton
No. 7	1 ton
No. 8	5 tons

We would like you to forward this to Mr W. Manson, at the Government Metallurgical Laboratory, Launceston. It will be necessary for you to turn the drums in but not to weld. Put them on trucks at Guildford Siding consigned to Mr Manson. The 10 tons of surface ore already drummed must also be sent to Mr Manson; approximately 1½ tons from each of the separate numbers B1 to B10.

Please forward 1 tons of the country rock near No. 7 borehole instead of 3 tons as previously arranged.

Yours sincerely

(Sgd) J.E. Ridgeway
Geologist.

Exhibit "A28" - Attachment
to Letter Hudson to Symons,
1429. 30th May, 1961

MINUTES OF A MEETING OF DIRECTORS OF FACTORS
LIMITED HELD AT "STANHILL" 34 QUEENS ROAD,
MELBOURNE ON TUESDAY 30TH MAY, 1961. A.84

DIRECTORS PRESENT:

Mr. W.O. Burt (in the chair)
Messrs. S. Korman, H. Korman, C.R. Daley,
E.J.K. Thompson, I.K. Redpath, D. Korman,
L. Korman and J.C. Carrodus.

Mr. E.E. Fookes and the Secretary were
also in attendance.

10

MINUTES:

Minutes of Meetings of Directors held on the
17th and 26th April last having been read by the
Directors were confirmed and signed by the Chairman
as a true and correct record.

QUEENSLAND MINES LIMITED:

The Secretary reported that a Meeting of Dir-
ectors of Queensland Mines Limited had resolved
that advances made to Queensland Mines Limited by
Factors Limited (£16,659. 4. 0.) and Australasian
Oil Exploration Ltd., (£18,907. 1. 0.) should be
treated as loans with interest at the rate of 10%
per annum and repayable at the time when the Mine
becomes a paying proposition or at such earlier date
as Queensland Mines Limited may determine.

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The Interest to commence from 1st April, 1961.

It was resolved that this Company accept an
agreement from Queensland Mines Limited giving
effect to the loan.

PROPOSED SALE OF MINE:

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It was agreed that every effort should now be
made to dispose of the Company's interest in the
mine.

Mr. S. Korman undertook to make approaches
to Mr. Pelly, Managing Director of Rio Tinto Min-
ing Company of Australasia Limited, to see if his
Company would be interested in negotiating a pur-
chase.

REGISTRATION OF QUEENSLAND MINES LIMITED IN
VICTORIA:

40

The Secretary reported that the Bankers of
Queensland Mines Limited had suggested that the

Company should be registered as a foreign company
in Victoria.

A letter from Messrs. Oswald Burt & Co. in-
dicated that as the books of the company are kept in
Melbourne and most of the signatories to the cheques
reside in Melbourne it would seem that the Company
should be registered in Victoria.

10

This matter was discussed and it was decided
that in view of the efforts to dispose of the Com-
pany the registration should be deferred for the
time being.

HOLEPROOF INDUSTRIES LIMITED - REPAYMENT OF ADVANCES:

It was pointed out by Mr. Carrodus that the
agreement with Holeproof Industries Limited provided
that all advances should be repaid within six months
and that it would be impossible for Factors Limited
to comply with this condition.

After a lengthy discussion it was agreed that
the completed agreement was contrary to the original
arrangement and it was resolved that the Holeproof
Industries Limited Board be requested to approve a
document in the terms of a letter to the Common-
wealth Banking Corporation dated 15th March, 1961,
signed by Mr. Redpath, confirming the arrangements
made between Mr. S. Korman and Mr. Eastwood on the
one hand and officers of the Commonwealth Bank on
the other.

20

W.O.B.

30

Cont.,

A85

The Secretary was instructed to write the
following letter to the Secretary of Holeproof
Industries Limited:-

"Dear Sir,

The following is a copy of a minute of
a Meeting of Directors of this Company.

"At the request of the Chairman of
Holeproof Industries Limited a temporary
security document was executed prior to a
meeting of Preference shareholders, with a
clear understanding that such document was
of a temporary nature only and for the

40

purpose of enabling the Chairman of Holeproof Industries Limited to answer any questions that might be raised regarding the advances. The Factors Limited Board having in mind that an adequate document would be prepared setting out precisely the terms and conditions relative to the loans in question.

10

It was resolved that the Holeproof Industries Limited Board be requested to approve a document in the terms of a letter to the Commonwealth Banking Corporation dated 15th March 1961 signed by Mr. Redpath, confirming the arrangements made between Mr. S. Korman and Mr. Eastwood on the one hand and officers of the Commonwealth Bank on the other.

These arrangements provided that repayments would be over a period of 18 months to two years."

20

RESIGNATION - MR. J.L. COULSTON:

The Chairman tabled a letter from Mr. Coulston tendering his resignation from the Company as from 31st December, 1961.

After discussion it was resolved that the letter be received and the resignation accepted as from 31st December next.

REPORT - MR. CARRODUS:

30

Mr. Carrodus reported that all possible steps were being taken to reduce the expenses of Management of the Company. Over the past few months the number of employees had been reduced from 77 to 63. This reduction would continue as the debtors of the various departments were reduced. The effect of the liquidation of book debts was that Factors Limited was becoming a holding Company only and already was relying entirely on its Subsidiary Companies to produce income.

40

Mr. Carrodus asked that approval be given to move the 461 St. Kilda Road office and Share Registers and Management Pty. Ltd. to "Kalingra" 541 St. Kilda Road, Melbourne which would make a considerable saving of rent.

It was resolved that arrangements be made to

transfer the 461 St. Kilda Road office and the office of Share Registers & Management Pty. Ltd., to "Kalingra" 541 St. Kilda Road, Melbourne at a rental of £1 per square foot plus rates and taxes.

GUARANTEE TO WILSON TRADING COMPANY PTY, LTD:

The guarantee had been completed in accordance with the resolution of the previous meeting and the Directors confirmed the signature of Mr. J.C. Carrodus in lieu of the Secretary who was not available at the time of execution. 10

NEW ZEALAND STOCK EXCHANGE:

The Secretary tabled a letter dated 14th May, 1961 from the Secretary of the Stock Exchange Association of New Zealand. This letter was an invitation to apply for listing of the Company's shares in New Zealand.

Cont., W.O.B. 20

Cont., A86

It was resolved that the application be made and the Secretary was instructed to complete the necessary formalities.

At this stage Mr. Burt was excused from the meeting and Mr. Redpath took the Chair.

CITY COUNCIL ELECTION:

It was resolved that Mr. W.D. Phillips be appointed the Nominee of the Company for the purpose of voting at the next election of the Melbourne City Council. 30

GUARANTORS TO TRUST DEED:

The Secretary informed the meeting that in accordance with the provisions of the Debenture Trust Deed the Trustees had requested that all subsidiaries that were not guarantors to the Deed should now provide a guarantee.

The Secretary was instructed to obtain a written legal opinion as to whether the Trustee could make this demand. 40

SEAL REGISTER:

The meeting confirmed the use of the Company Seal in respect of items numbered 237 to 265 inclusive in the Seal Register of the Company and authorised the Chairman to sign the register.

SCRIP:

The Secretary reported that certificates for the following securities had been signed and sealed with the Common Seal of the Company. 10

Ordinary Stock Units

Melbourne Register

408,989 units covered by transfers 9295 - 10724

Sydney Register

61,426 units covered by transfers N418 - N711

Shares Paid to 3d. per share

107,722 Shares covered by transfers 310 - 601 20

Preference Shares

7,900 Shares covered by transfers 9516, 10725 and 10726

Convertible Notes

8,825 Notes covered by transfers 2177 - 2227

Non Convertible Notes

10,131 Notes covered by transfers 192 - 267

Debenture Stock

£4,100 Stock covered by transfers 218 - 228.

Debenture Stock ex. Rockman Preference

30

£12,920 Stock covered by transfers 14 - 18.

Cont.,

W.O.B.

Exhibit 119 - Minutes
of Meeting of Factors
Limited, 30.5.61

A87

CHEQUES:

Payment of cheques numbered 3050 to 3211 in-
clusive and totalling £78,109.14.0. was confirmed.

READ AND CONFIRMED

W.O. Burt
CHAIRMAN

10

21/6/61

C
O
P
Y.

STRATEGIC MATERIALS CORPORATION

161 East 42nd Street, New York 17, N.Y.

June 1, 1961.

Mr E.R. Hudson
Industrial & Mining Investigations Pty Ltd
16 O'Connell-street
SYDNEY.

Dear Mr Hudson:

Thank you for your note of May 29, advising us of the acceptance of our May 11 proposal and the notification that you will be forwarding ten tons each of the concentrate and ore. Please do not forget to include two tons of coal representative of that which will be available to the Tasmanian operation. For all practical purposes the sampling of the ore is adequate for this demonstration.

We very much appreciate your prompt action in this matter and we look forward with anticipation to a mutually beneficial association.

Very truly yours

(Sgd) Alexander Pupilidy
Asst General Sales Manager.

Exhibit 78 - Letter
Strategic Materials Corp.
1436. to Hudson, 1st June, 1961

2nd June, 1961

Mr. E.R. Hudson,
Industrial and Mining Investigations Pty. Ltd.,
16 O'Connell Street,
SYDNEY
N.S.W.

Dear Mr. Hudson,

Savage River Iron Ore

I wish to acknowledge your letter of 30th May, together with the enclosures which I have read with great interest. There are a number of matters in this letter which we should discuss on your next visit, particularly the ones concerning the cost of raw materials which would be used in a steel plant.

I have been away for a portion of this week as has been the Premier and to date I have not been able to discuss the press statement with him. It is unlikely that I shall be able to see the Premier before Wednesday, next week, and I shall advise you at the earliest as to his re-action on making a suggested press statement.

Yours sincerely,



(J.G. Symons)
DIRECTOR OF MINES

I am attaching herewith a copy of my reply to Strategic Materials Corporation concerning an earlier letter.

Exhibit "A22" - Copy
Letter Symons to Hudson,
1437. 2nd June, 1961

5th June, 1961

Mr. E.R. Hudson,
Industrial & Mining Investigations Pty Ltd.,
16 O'Connell Street
SYDNEY
N.S.W.

Dear Mr. Hudson,

Messrs. Ramin and Napoly of Societe Miniere et Metallurgique de Penarroya visited me last week concerning investments in the mining industry in Tasmania. These gentlemen had discussed the matter earlier this year with our Agent General in London who initiated their visit to Hobart. I explained the various possibilities existing in the State including the possible use of our iron ore. They indicated a strong interest in this, and I explained to them the various points as well as advising them that you held the exploration rights. As their Company has a substantial amount of capital which they wish to invest in mining propositions they may be of interest to you and I gave them your address. It is likely that they will call upon you next week.

Yours sincerely,

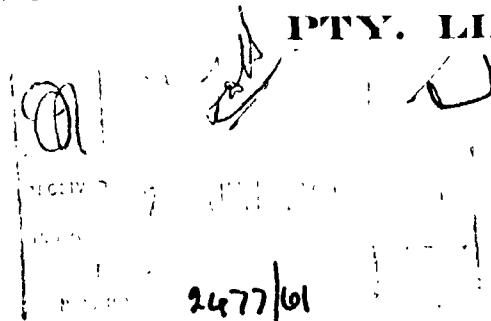


(J.G.Symons)
DIRECTOR OF MINES

Exhibit "A23" - Copy Letter
Symons to Hudson,
1438. 5th June, 1961

**INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED**

DL 2632
HW 5528



3RD FLOOR,
16 O'CONNELL STREET,
SYDNEY, AUSTRALIA

5th June 1961.

Mr J.G. Symons
Director of Mines
Department of Mines
G.P.O. Box 121 B
HOBART ., TASMANIA.

Dear Mr Symons:

Attached hereto for your information please find copy letter received from Strategic Materials Corporation, dated 1st June 1961.

I acknowledge receipt of your letter dated the 2nd instant. Mr Ridgway and myself expect to be in Tasmania within the next ten days but I will ring you prior to my leaving Sydney with a view to discussing the various matters raised in my letter.

Yours faithfully

E.R. Hudson.

Encl.

C
O
P

Y.

STRATEGIC MATERIALS CORPORATION

161 East 42nd Street, New York 17, N.Y.

June 1, 1961.

Mr E.R. Hudson
Industrial & Mining Investigations Pty Ltd
16 O'Connell-street
SYDNEY.

Dear Mr Hudson:

Thank you for your note of May 29, advising us of the acceptance of our May 11 proposal and the notification that you will be forwarding ten tons each of the concentrate and ore. Please do not forget to include two tons of coal representative of that which will be available to the Tasmanian operation. For all practical purposes the sampling of the ore is adequate for this demonstration.

We very much appreciate your prompt action in this matter and we look forward with anticipation to a mutually beneficial association.

Very truly yours

(Sgd) Alexander Pupildy
Asst General Sales Manager.

1440. Exhibit "A24" - Enclosure
to Letter Hudson to Symons,
5th June, 1961

m 226 S.R. | 2

**INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED**

RL 2632
HW 5528



3RD FLOOR,
16 O'CONNELL STREET,
SYDNEY, AUSTRALIA

2567/61

9th June, 1961.

Mr. J. G. Symons
Director of Mines,
Mines Department,
HOBART, TASMANIA.

Dear Mr. Symons,

I acknowledge receipt of your letter of the 5th instant and will look forward to a visit from Messrs. Ramin and Napoly.

I had an interview with Dr. Raggatt in Canberra yesterday and brought him up to date in relation to the present position at the Savage River.

I am most anxious to obtain the preliminary reports of the geophysical Survey in order that a drilling plan can be given consideration.

The Commonwealth Government had assumed that the Blythe River deposits held less than 2 million tons of exportable ore.

Following my discussion, it was intimated that provided your Government had no objection to the export of ore from this deposit, the Commonwealth would have no objection.

Further investigations indicate a probable success of this undertaking but, of course, a final decision cannot be made until tests and costing have been completed.

Perusal of the various reports indicates that the variations in tonnage of ore reserves are due to variations in the amount of high grade exportable ore, apparently the commercial possibilities being limited to selective mining of a high grade ore.

There seems no reason to believe that ore reserves from a point of view of setting up an industry and exporting concentrates after flotation should not be in the vicinity of 15 to 20 million tons.

As soon as the samples from the Savage River have been obtained, I will be coming to Tasmania and arranging for the 60 tons of ore to be mined at Blythe River.

Exhibit "A26" - Letter
Hudson to Symons,

1441. 9th June, 1961

Mr. J.G. Symons.

9th June, 1961.

As soon as Dr. Miles is available, he will commence making a more detailed investigation of the Tasmanian coal deposits in order that some conclusion can be quickly reached in regard to costing prior to the formation of the public company.

My best regards,



E. R. Hudson.

P.S. I have arranged for some of the members of the Japanese Steel mission at present in Australia to visit the Blythe River in about 14 days time. Would same be acceptable to you



Exhibit "A26" - Letter
Hudson to Symons,
9th June, 1961

1/1

13th June, 1961

Mr. E.R. Hudson,
Industrial & Mining Investigations Pty Ltd.,
16 O'Connell Street,
SYDNEY
N.S.W.

Dear Mr. Hudson,

I wish to apologise for this late reply to your letter of the 30th May concerning the suggested press statement concerning the establishment of an industry at Savage River. I was not able to discuss the matter with the Premier until late last week and he would prefer that you should make the proposed statement as it concerns the formation of a public company. I note from your letter that you hope to be visiting Hobart before long, but I will be absent on Thursday and Friday this week when I will be visiting Melbourne and early next week when I will be visiting Launceston. If you could avoid these times I would be most grateful.

Yours sincerely,



(J.G.Symons)
DIRECTOR OF MINES

Exhibit "A25" - Copy
Letter Symons to Hudson,
1443. 13th June, 1961

THE UNITED STEEL COMPANIES LIMITED

Swinden Laboratories
Moorgate
Rotherham

Research and Development Department

Tele: Rotherham 4901

June 16th 1961

E.W. Senior, Esq., C.M.G.
B.I.S.F.
Steel House.

10

Dear Ted

Thank you for your letter of June 9th with enclosures which we have examined and which I now return.

We could well be interested in supplies of Strategic-Udy iron low in carbon, say 1% max., silicon and phosphorus to provide part of the virgin base material required for the Templeborough project. The price at the furnace would need to be not more than basic iron less remission. Whether, with the long haul from Tasmania, they could compete seemed to be the question.

20

Yours sincerely,

(Sgd.) Frank Saniter

MINUTES OF A MEETING OF DIRECTORS OF FACTORS
LIMITED HELD AT "STANHILL" 34 QUEENS
ROAD, MELBOURNE ON WEDNESDAY, 21ST JUNE, 1961.

DIRECTORS PRESENT:

Mr. W.O. Burt (in the Chair)
Messrs. S. Korman, C.R. Daley, I.K. Redpath,
D.J. Korman, L.I. Korman and J.C. Carrodus.

Mr. E.E.Fookes and the Secretary were in attendance.

10

An apology was received from Mr. E.J.K. Thompson.

MINUTES:

Minutes of a meeting of Directors held on 30th May last having been read by the Directors were confirmed and signed by the Chairman as a true and correct record.

QUEENSLAND MINES LIMITED:

The proposed sale of Queensland Mines Limited was deferred until Mr. S. Korman is able to contact Mr. Pelly of Rio Tinto Mining Company of Australasia Limited.

20

HOLEPROOF INDUSTRIES LIMITED:

It was resolved that the Board of Holeproof Industries Limited be informed as to the original arrangement made between Factors Limited and the Commonwealth Bank as to the term of the proposed advances and that an extract of the confirmatory letter of the 14th March, 1961 be forwarded to Holeproof and that the Board of Holeproof be requested to concur with Factors in bringing the present security in line with the arrangement originally made with the Bank and that the Board of Holeproof be informed also that it is the intention of Factors to make a direct approach to the Commonwealth Bank to give effect to the original arrangement.

30

It is proposed in due course to submit to the Board of Holeproof a document extending the original time arranged with the Bank and that the Board of Holeproof be also informed that it was the spirit of the arrangement with the Commonwealth Bank that the repayment of the advances be contingent upon the normal realisation of fixed assets and of current assets, hence the need for the 18 months to two year period.

40

The Secretary was instructed to forward a copy of this resolution to the Secretary of Holeproof Industries Limited.

TRUST DEED GUARANTEES:

The Secretary tabled a letter from Messrs. Oswald Burt & Co. confirming that under the terms of the Debenture Trust Deed the Company must on request of the Trustees arrange for subsidiary companies to become guarantors of the Deed. 10

The Secretary was instructed to arrange for the guarantee to be supplied by the following companies as requested by the Trustees:

Rockmans Limited.
Holeproof Industries Limited
Knoxdale Investments Proprietary Limited.
Versailles Proprietary Limited.

Cont., W.O.B. 20

A89

SALE OF 505 ST. KILDA ROAD:

Mr. Redpath reported that he was negotiating for the sale of the property to an American Syndicate for £810,000.

It was resolved that provided the sale was a cash transaction the Company would accept an amount of £800,000 as the purchase price.

SECOND MORTGAGE - 505 ST. KILDA ROAD:

Mr. Redpath reported that Industrial Acceptance Holdings Limited was prepared to advance an amount of £200,000 by way of Second Mortgage on 505 St. Kilda Road on condition that £120,745.1.6 was utilised to pay amounts due by Chevron Queensland Limited and Chevron Pty. Ltd. 30

Industrial Acceptance Holdings Limited was then prepared to give consideration to a further Second Mortgage of £112,000 to finance the completion of the Glenfalloch project.

It was resolved that the Second mortgage be completed and a loan of £120,745. 1. 6. be made to Stanhill Consolidated Limited and that 40

Stanhill Consolidated Limited provide sufficient security to cover the advance.

It was further resolved that a dispersement order be given to Messrs. Corr & Corr, Solicitors for Industrial Acceptance Holdings Limited as follows:-

To Chevron Queensland Limited	£ 50,000. 0. 0.	10
To I.A.C. (Finance) Pty. Ltd. in respect of debt due by Chevron Queensland Ltd.	£ 33,575. 2. 9.	
To I.A.C.(Finance) Pty. Ltd. in respect of interest due by Chevron Queensland Ltd.	£ 765. 1. 6.	
To I.A.C.(Finance) Pty. Ltd. in respect of debt due by Chevron Pty. Ltd.	£ 25,000. 0. 0.	
To I.A.C. (Finance) Pty. Ltd. in respect of interest due by Chevron Pty. Ltd.	£ 11,404.17. 3.	20
To Messrs. Corr & Corr Costs	£ 169.17. 0.	
To Oswald Burt & Co. for Factors Ltd.	£ 79,085. 1. 6.	
	<u>£200,000. 0. 0.</u>	

OFFINGTON AND OTTAWA:

As had previously been reported to the Board by the Chairman, the Company had not been able to meet the terms of the Agreement and proper notice had been served by the Vendors. 30

Mr. Carrodus reported that the Contract of Sale in respect of the properties had now lapsed and the deposit of £75,000 could be forfeited. He advised that he had made a suggestion for a new contract with price increase of £17,500, and an increase of 1% per annum in the interest rate.

The Board confirmed the action of Mr. Carrodus and instructed him to continue negotiations with a view to finding a satisfactory solution and to keep the Chairman fully informed of the negotiations. 40

Cont., W.O.B.

Cont.,

A90

ROCKMAN SHARE PURCHASE:

As previously reported to the Board the Company has not been able to meet its commitments to the Rockman Family in respect of amounts due on share purchase. There is still an amount of £95,666.13. 4. overdue since 31st January last and a further £287,000 becoming due in January next. 10

Mr. Rockman has now suggested that we endeavour to arrange settlement of both amounts by the transfers of properties and securities.

Mr. Carrodus was instructed to negotiate with Mr. Rockman with a view to completing the purchase.

NEW DIRECTOR:

By the unanimous wish of the Board Mr. V.T. Gladstones was invited to join the Board of the Company to fill a casual vacancy pursuant to Article 72B of the Company's Articles of Association. 20

The Secretary was instructed to write to Mr. Gladstones extending to him an invitation to join the Board of the Company.

FAREWELL FUNCTION TO MR. BURT:

It was resolved that a suitable function should be held to mark the retirement of Mr. Burt and that the details be discussed at the next meeting of Directors. 30

ROCKMANS LIMITED - MANAGING DIRECTORS:

Mr. S. Korman tabled a letter from Messrs. Ernest Fookes & Company relative to proposed salaries of the Managing Directors of Rockmans Limited.

The meeting agreed that Messrs. K. and E. Rogers should each receive a salary of £15,200 per annum and authorised the Rockmans Limited Board to make the appointments.

The Secretary was instructed to write to Mr. S. Korman giving him authority to obtain the approval of the Rockmans Limited Directors and to 40

sign a letter to Messrs. K. and E. Rogers setting
out the salaries.

SCRIP:

The Secretary reported that Certificates for
the following securities had been signed and sealed
with The Common Seal of the Company:

Ordinary Stock Units

10

Melbourne Register

210,723 Units covered by transfers 10725 -
11444

Sydney Register

9,346 Units covered by transfers N712 - N736

Shares Paid to 3d. per share

17,228 Shares covered by transfers 602 - 660

Non Convertible Notes

3,200 Notes covered by transfers 268 - 283

Convertible Notes

3,300 Notes covered by transfers 2228 - 2255

20

W.O.B.

A91

Debenture Stock

£33,000 Stock covered by transfers 229 - 244

Debenture Stock ex Rockman Preference

£2,320 Stock covered by transfers 19 - 25

SEAL REGISTER:

The meeting confirmed the use of the Company
Seal in respect of items numbered 266 - 274 in-
clusive in the Seal Register of the Company and
authorised the Chairman to sign the Register.

30

CHEQUES:

Payment of cheques numbered 3212 to 3273
inclusive and totalling £36,622. 4.11. was con-
firmed.

READ AND CONFIRMED

W.O.Burt. CHAIRMAN. 5/7/61

22nd June, 1961.

Mr. E.R. Hudson,
Industrial & Mining Investigations
Pty. Ltd.,
16 O'Connell Street
SYDNEY N.S.W.

Dear Mr. Hudson,

I refer to our discussion on Monday the 19th June and regret that I had not replied to your letter of the 30th May concerning the Questionnaire to be sent to Strategic Materials Corporation. I agree that the Questionnaire figure of 300,000 net tons per annum is a realistic approach together with a coal cost of £4.-.-. per ton and a lower figure for limestone. The cost of coal from Coles Bay will be an interesting investigation, but it is certain that it would be considerably cheaper than the cost from the established mines at Fingal due to the lower freight charges involved. In the case of limestone the possibilities of mining from deposits near the Pieman River or from deposits occurring along the Gordon River would reduce our previous estimated costs very considerably.

I am enclosing aerial photograph No. 26209 Zeehan Run 10 A which gives the location of the limestone outcrops near the Pieman River. The deposit occurs approximately $1\frac{1}{2}$ miles from the Zeehan-Granville track which is accessible by Land Rover, and you will note on the back of the photograph that it is possible to drive a Land Rover through the flat country in the bottom right hand corner of the photograph. The river in the upper section of the photograph is the Pieman River.

I can offer no comment on the average sale price of final products other than I am sure that your quoted figure of £8.-.-. per ton for pig iron would not be obtainable as I am certain that the cost of raw materials alone would exceed this figure.

2.

I look forward to our further discussions concerning the Savage River project when the shipment of iron ore is received in our Launceston Laboratory preparatory to its shipment to the United States.

Yours sincerely,

(J.G. Symons)

DIRECTOR OF MINES

23rd June, 1961

Mr. E.R. Hudson,
Industrial & Mining Investigations
Pty. Ltd.,
16 O'Connell Street
SYDNEY N.S.W.

Dear Mr. Hudson,

I refer to our telephone conversation of this morning and I am enclosing herewith a copy of my letter to Strategic Materials Corporation concerning the preparation of the sample for test work. I am also enclosing a copy of their reply in which they indicate that they prefer that the sample should not be altered in any way by us as they prefer to work with natural materials. You will note that, if necessary, their Research Director will make any necessary additions in the United States.

Yours sincerely,

(J.G. Symons)
DIRECTOR OF MINES

17225 SR.12
38918

HEAD OFFICE COPY

DEPARTMENT OF MINES



TASMANIA

LABORATORY,
LAUNCESTON,

XXX

XX

26th June, 1961.

Mr. E.F. Hudson,
16 O'Connell Street,
Sydney, N.S.W.

Dear Mr. Hudson,

Savage River.

The 71 drums have been delivered today, and we will now proceed with crushing to minus 1/2 inch sampling and analyses. Two men have been employed. We arranged for Cocker & Ockerby Pty. Ltd. of Paterson Street, Launceston, to transport the drums, and the reason for this selection is that they are the local representatives of Rudders Ltd. and will thus fit into shipping for export.

Blyth River.

Could you please arrange for the supply of specifications for concentrate for export for our guidance in concentration tests.

If a range of contents with penalties for impurities is published by the proposed purchasers a copy would be appreciated.

Yours truly,

Exhibit "A31" - Copy
Letter Mines Department
to Hudson, 26th June, 1961
1452.

INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED

M22SS.R

BL 2632
BW 5526

3rd Floor,
16 O'Connell Street,
Sydney. Australia.

Received 29 Jun 1961

Dept. of Mines.
Ref. No. 2826/61 (Initials)

27th June, 1961.

The Secretary,
Department of Mines
HOBART TASMANIA.

10

Dear Sir :

BLYTHE RIVER IRON ORE

It would be appreciated if you would supply me with five copies each of Geological Map and Geological Section, being plates nos. 8 and 9 contained in the report by F. Blake referred to in Technical Report No. 2 - 1957.

Please also at the same time submit your account covering the above.

20

Yours faithfully,

E.R. Hudson.

10 copies sent

4/7/61. J. Mack.

1453. Exhibit "A32" - Letter
to Secretary, Department
of Mines, 27.6.61

**INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED**

HL 2632
BW 5526

3RD FLOOR.

16 O'CONNELL STREET,
SYDNEY, AUSTRALIA

SALES	S & A	CG	CC & M	ACIN & E
RECEIVED 30 JUN 1961				REGISTER
ANSWERED				ERIL
DEPT. OF MINES				
REF. NO. 28436				

28th June, 1961.

The Department of Mines,
HOBART, TASMANIA.

Dear Sirs,

RE: SAVAGE RIVER.

It would be appreciated if you would forward me three (3) copies
of Drillhole Plans 1 to 10.

When forwarding samples, it would be appreciated if you would also
forward your account.

Yours faithfully,
INDUSTRIAL & MINING INVESTIGATIONS PTY. LTD.


E. R. Hudson.

Exhibit "A33" - Letter
Hudson to Dept. of Mines,
1454. 28th June, 1961

THE MERCURY, FRIDAY, 30/6/1961-

Questions on ore licence

Questions will be asked in the House of Assembly by Mr. Bessell (Lib.) about an exploration licence for the Savage River iron ore deposits.

Yesterday, he gave notice to ask the Premier (Mr. Reece): "Who is the Mr. Hudson granted the licence, and what company does he represent?"

Mr. Bessell also will ask whether Mr. Hudson represents a company with a licence for the exporting of iron ore from Australia.

"What are the terms and conditions of the licence issued?", Mr. Bessell will ask the Premier. "When is it likely that the prospectus for the formation of a £1,000,000 Tasmanian company will be issued?"

Exhibit "A20" - Press
report "The Mercury",
30th June, 1961

30 th June, 1961

Industrial & Mining Investigations Pty. Ltd.,
16 O'Connell Street,
SYDNEY
N.S.W.

Dear Sirs,

SAVAGE RIVER

The enclosed reprints from Technical Reports No. 5 contains a locality map of bores Nos. 3 - 10 and also sections of these bores. Also enclosed is a locality map showing the location of bores 1 - 2 and sections thereon. If the maps in the progress report are on too small a scale then prints of our office plans could be made for you.

Yours faithfully,



(J.G. Symons)
DIRECTOR OF MINES

Exhibit "A34" - Copy
Letter Symons to Industrial
& Mining Investigations
Pty. Ltd., 30th June, 1961
1456.

INDUSTRIAL & MINING INVESTIGATIONS PTY. LIMITED

3rd FLOOR.

16 O'CONNELL STREET,
SYDNEY, AUSTRALIAIII. 2632
BW 5526

RECEIVED	S & A	CG	CLAN	AMOUNT
RECEIVED	6 - JUL 1961			REGISTRAR
RECEIVED	DEPT. OF MINES			FEAR
RECEIVED	REF. NO. 2932/61			

4th July, 1961.

J.G. Symons,
Director of Mines,
Mines Department,
HOBART, TASMANIA.

Dear Sir,

Enclosed herewith please find a draft of letter to Strategic Udy.

Unfortunately, the shipping position is difficult and it is necessary to get the samples away immediately but the attached draft letter can be delayed until you have carefully considered same and if necessary discuss amendments thereto.

Owing to Mr. Ridgway's absence in Burnie, I have not been able to check technical aspects which most probably are incorrect, so do not hesitate to make any corrections.

Representatives of a Japanese firm inspected the Blythe River last week-end and it appears that they would be interested in purchasing ore at about $\frac{1}{2}$ " containing not in excess 10/15% ^(100 Mesh) _(150 Mesh min)

Flotation as previously suggested has the problem of sintering which would not be economically possible in Tasmania and the concentrate would have penalties on export.

Preliminary discussions suggest 100,000 tons as a trial for the first year and the question whether this deposit can be economically beneficiated and sold will depend on the results of the beneficiation tests and detailed costing.

The interesting point is that the company would purchase ore with an average iron content of approximately 55% which probably can be obtained by coarse grinding and jigging at low cost.

I will keep you advised of developments although it is pleasing to note that there is a purchaser for the ore and I will discuss the matter with you in detail at next interview.

The drilling at the Savage River is more satisfactory and core recovery

Exhibit "A45" - Letter
Hudson to Symons,

1457.

4th July, 1961

has improved and as investigations continue it seems our hope of establishing a steel industry in Tasmania will be fulfilled.

Sir John Northcott while in England made some enquiries on my behalf through The Research and Development Department of the British Iron and Steel Federation as to the possibility of selling pig-iron from the Savage River and it is interesting to note in the copy of the letter enclosed, the United Steel Co. Ltd's acceptance of the Strategic Udy Process.

The Japanese would also be interested of course in the purchase of pig-iron but any enquiries I am making in this regard are purely of a precautionary nature as it would not appear to be of any economic advantage to the proposed company to sell pig-iron.

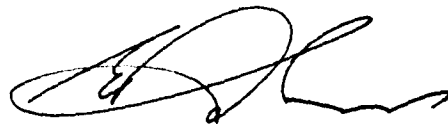
Each ton would have to bear a proportion of the high capital costs of an intergrated plant and while it may be possible to sell excess pig iron at actual cost it should only be considered as a precautionary alternative in the event of failure to dispose of sufficient finished products during the initial years of production.

I would like to have a conference with you on varying aspects and would also like an interview with your Premier.

It would be desirable for your Department to have a representative at the demonstration as I feel it should be independently advised in relation to the possiblity of using the Savage River ore to establish a steel industry.

As indicated to you on the phone, I am appointing American consultants to attend the demonstration and issue an independent report.

Yours faithfully,



E. R. Hudson.

*PS MA Ridgeway obtained 3 tons of high titanium ore
from the deposit to adjust the sample*

Exhibit "A45" - Letter
Hudson to Symons,
1458. 4th July, 1961

TESTS IN U.S. OF OUR IRON ORE

ARRANGEMENTS had been made for a shipment of 20 tons of Savage River iron ore and a trial parcel of Tasmanian coal to be tested in the U.S. for steel making.

The Premier (Mr. Reece) said this in the House of Assembly last night when replying to a series of questions by Mr. Bessell (Lib.) concerning the granting of an exploration licence to Mr. E. R. Hudson.

Mr. Reece said that if the results of the test arranged by Mr. Hudson were satisfactory a new company would be formed to assess the complete economics of the Tasmanian iron ore deposits.

This would include the diamond drilling of a potential iron ore deposit, an economic survey of metallurgical processes, transport costs, and selection of plant site.

The Premier said that Mr. Hudson was the managing director of Queensland Mines Pty. Ltd., and chair-

man of directors of Kathleen Investments Ltd.

A new company, Industrial and Mining Investigations Pty. Ltd., had been formed to arrange the preliminary investigations.

Mr. Hudson represented a company primarily interested in producing steel in Tasmania, but his investigations included the possibility of exporting ingot steel produced from the Savage River.

He was currently arranging to investigate the economics of exporting iron ore from the Blythe River as well as producing iron and steel if the Blythe River deposit could not be used in conjunction with the Savage River for production of steel in Tasmania.

The Premier said that the exploration licence granted to Mr. Hudson was subject

to the condition that he begin immediate investigation work.

The investigations included geological and other surveys, diamond drilling operations, metallurgical research investigations, and any work the Minister might direct.

It also had been provided that Mr. Hudson should proceed to incorporate a public company to be known as Tasmania Steel Investigations Ltd. with a paid up capital of £1,000,000 to make the investigations.

Mr. Reece said that the licence had been issued for six months which would expire on August 23. Extensions depended on investigations being made to comply with the objects of the licence.

Exhibit "A21" - Press report from Mines Dept. file 5th July, 1961

MINUTES OF A MEETING OF DIRECTORS OF FACTORS
LIMITED HELD AT "STANHILL" 34 QUEENS ROAD,
MELBOURNE ON WEDNESDAY 5TH JULY, 1961.

DIRECTORS PRESENT:

Mr. W.O. Burt (in the Chair)
Messrs. S. Korman, C.R. Daley, E.J.K.Thompson,
I.K. Redpath, V.T. Gladstones, J.C. Carrodus,
D. Korman and L. Korman.

Mr. E.E. Fookes and the Secretary were also 10
in attendance.

MINUTES:

Minutes of a meeting of Directors held on 21st
June last having been read by the Directors were
confirmed and signed by the Chairman as a true and
correct record.

ELECTION OF DIRECTOR:

Having accepted the invitation made at the
previous meeting of Directors Mr. V.T. Gladstones
was elected to fill a casual vacancy on the Board 20
pursuant to article 72B of the Company's Articles
of Association.

Mr. Burt then extended a hearty welcome to
Mr. Gladstones on behalf of himself and his fellow
Directors.

SECOND MORTGAGE 505 ST. KILDA ROAD:

The Secretary reported that the second mort-
gage of £200,000 from Industrial Acceptance Hold-
ings Limited had been settled and that the disperse-
ments had been made in accordance with the minutes 30
of the previous meeting.

The meeting thanked Mr. S. Korman for pro-
viding a personal guarantee to Industrial Accept-
ance Holdings Limited and the following resolution
was carried:

"This meeting conveys to Mr. S. Korman its
appreciation of his entering into a personal guar-
antee with Industrial Acceptance Holdings Limited
in relation to the second mortgage granted to
Factors Limited without which the loan could not 40
have been completed".

THIRD MORTGAGE 505 ST. KILDA ROAD:

Mr. Redpath reported that Industrial Acceptance Holdings Limited had agreed to grant a Third Mortgage on 505 St. Kilda Road, of £108,328 to provide funds for the completion of the Glenfalloch project.

The Secretary was instructed to write to Mr. S. Korman requesting that he supply his personal guarantee to the mortgage as required by Industrial Acceptance Corporation Limited. 10

OFFINGTON AND OTTAWA:

Mr. Carrodus reported that no further arrangements had yet been made with regard to these properties. The Board empowered Mr. Carrodus and Mr. Redpath to endeavour to negotiate a satisfactory settlement.

ROCKMAN SHARE PURCHASE: 20

Mr. Carrodus reported that settlement terms had now been agreed with Mr. Norman Rockman for the payment of the full amount owing of £382,666.10. 4. plus interest accrued.

The terms of settlement provide for the following:

Cont.,

Cont., A93

1. The assignment by General Investments & Discounts Pty. Limited for First Mortgage agreement amounting to approximately £130,000. 30

2. The assignment by Factors Limited and Automobile Finance Co. Pty. Limited for Hollywood Motors Hire Purchase transactions amounting to approximately £100,000.

3. The sale by Stanhill Consolidated Limited to the Rockman family of a property in Sydney and a property in Brisbane with net equities totalling £79,000.

4. The Rockman family to allow a discount of 10% on the final instalment of £287,000 from which an amount of £5,700 is to be 40

allowed to pay legal costs and stamp duty on the transfer of the properties leaving a credit to Factors Limited of £23,000.

5. The balance of approximately £60,000 to be met by the issue of six on demand promissory notes to be presented at monthly intervals.

It was resolved that these terms of settlement be accepted and that the documents to implement the transactions be signed and sealed with the Common Seal of the Company, provided such documents receive the approval of the company's Solicitors. 10

QUEENSLAND MINES LIMITED:

Discussion took place with regard to possible purchasers of the Company's interest in Queensland Mines Limited.

It was agreed that Rio Tinto Mining Co. of Australasia Limited appeared to be the most logical purchaser and Mr. Redpath was requested to make an approach to the Managing Director of that Company. 20

ROCKMANS LIMITED GUARANTEE:

The Secretary reported that Rockmans Limited and Rockmans (N.S.W.) Pty. Ltd., had arranged a mortgage loan of £345,000 with the Australasian Temperance & General Mutual Life Assurance Co. Ltd., over properties at Bankstown and Parramatta. A condition to the loan being a guarantee by Factors Limited. 30

It was resolved that in consideration of a fee of £3,450 Factors Limited would enter into an agreement with Rockmans Limited and Rockmans (N.S.W.) Pty. Ltd., to execute formal Deeds of Guarantee of the said Instruments of Mortgage.

ROCKMANS LIMITED TRADE GUARANTEES:

The Board confirmed the sealing of guarantees given to importers for goods to be delivered to Rockmans Limited.

The guarantees were in the terms of the minutes of a meeting of Directors held on April 17th last and were given as under: 40

A.W. McLean & Sons £5,600

Exhibit 121 - Minutes
of Meeting of Factors
Limited, 5.7.61

L.P. Keating	£1,830
Ayrman & Co.	£6,250

ROCKMANS LIMITED ACCOUNTS:

The Board authorised Mr. Carrodus to approach Mr. Eric Fookes with suggestions for the presentation of the Annual Accounts of Rockmans Limited.

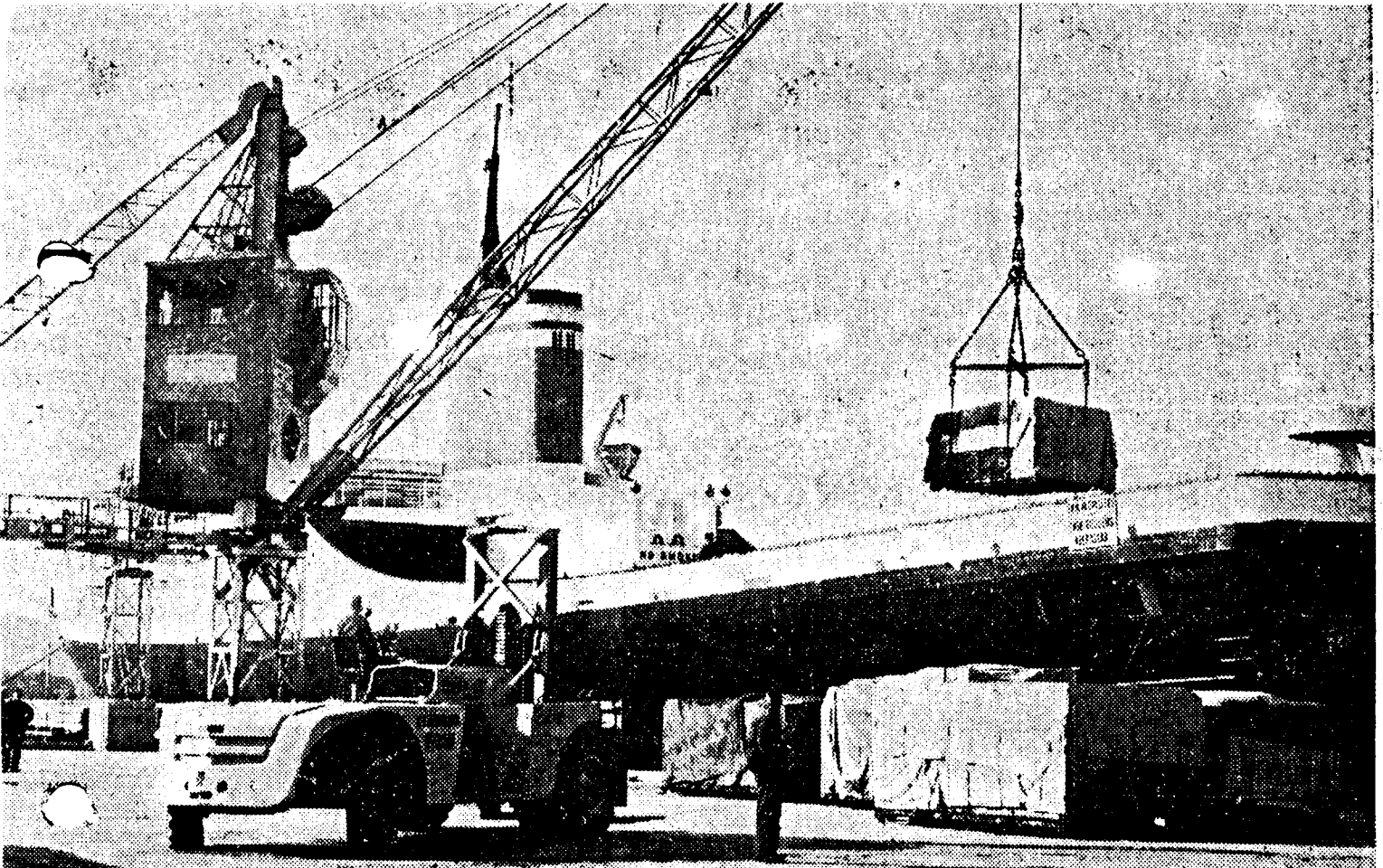
READ AND CONFIRMED

10

V.T. Gladstones
CHAIRMAN

2/8/61

Tasmania may get a steel industry



A SHIPMENT of Tasmanian iron ore left Bell Bay yesterday on its way to the U.S. for testing.

The iron ore came from the huge Savage River deposits on the North-West Coast.

If the tests prove satisfactory Tasmania may be on the way to getting a steel industry.

With the iron ore consignment went a shipment of Fingal Valley coal.

It will be tested to see if it is suitable for smelting Savage River iron ore.

The iron ore and coal were packed in 70 big steel drums. The drums were stacked inside three huge containers.

The consignment of 60 drums of iron ore and 10 of coal weighed 33 tons.

They were put aboard the Bass Trader for shipment to Melbourne. In Melbourne they will be transferred to

the freighter Pioneer Surf, which leaves for New York on Monday.

From New York the iron ore and coal will be transported to an industrial research institute at Niagara Falls.

The consignment was forwarded by Cocker and Ockerby of Launceston on behalf of the Tasmanian Mines Department.

The Mines Department acted on behalf of Mr. Hudson, who, according to a statement made in Parliament on July 4, is managing director of Queensland Mines Pty. Ltd. and chairman of directors of Kathleen Investors Ltd.

Mr. Hudson was granted an exploration licence so he could make immediate investigations to determine

the economics of establishing a steel industry in Tasmania.

The Premier (Mr. Reece) said on July 4 that a company was formed to arrange preliminary investigations of the Savage River deposits before forming an investigating company.

Mr. Hudson's company was primarily interested in producing steel in Tasmania.

It was also provided that Mr. Hudson should incorporate a public company to be known as Tasmania Steel Investigations Ltd. with a paid-up capital of £1 million to carry out investigations.

● ABOVE: Part of the cargo is lowered into the Bass Trader.

COPY.

HEAD OFFICE COPY

m225/2
.....

DEPT. OF MINES	S & A	CG	CC & M	ACIM & S
RECEIVED	18 JUL 1961			REGISTRAR
ANSWERED	DEPT. OF MINES			E & IL
REF. NO.				

DEPARTMENT OF MINES



TASMANIA

LABORATORY,
LAUNCESTON,

13th July, 1961.

Mr. E.R. Hudson,
Managing Director,
Industrial & Mining Investigations Pty. Ltd.,
16 O'Connell Street,
Sydney, N.S.W.

Dear Mr. Hudson,

Further to the sampling and transport of 32 tons of iron ore and coal to New York the following is an estimate of expenditure to the "Pioneer Surf," Melbourne.

Transport to Launceston	-	£185: -: -.
Transport to Laboratories	-	£30: -: -.
Transport to Melbourne	-	£220: -: -.
Drums	-	£10: -: -.
Wages	-	£150: -: -.

It is suggested that you advise Richie, Parker, Alfred Green & Co., as to whether you wish them to make arrangements with Cocker & Ockerby for charges to New York or perhaps you desire to handle further charges yourself.

Transport to Launceston (£185) has been queried and is being checked.

Yours truly,

Chief Chemist & Metallurgist.

Exhibit "A36" - Copy
Letter Mines Department
1465. to Hudson, 13th July, 1961

MINUTES OF A MEETING OF DIRECTORS OF FACTORS
LIMITED HELD AT STANHILL, 34 QUEENS ROAD, MELBOURNE
ON MONDAY 24TH JULY.

A94

DIRECTORS PRESENT:

Mr. W.O. Burt (In the Chair)
Messrs. S. Korman, C.R. Daley, E.J.K. Thompson,
V.T. Gladstones, I.K. Redpath, D. Korman and
J.C. Carrodus.

Mr. E.E. Fookes and the Secretary were also
in attendance. 10

An apology was received from Mr. L. Korman.

UNSECURED NOTE TRUST DEEDS:

A letter from the National Trustees Executors
& Agency Co. of Australasia Ltd., requesting that
arrangements be made for all subsidiary companies
of Factors Limited to supply guarantees to the
Trust Deeds.

This matter was considered and it was re-
solved that the Company was not prepared for its
subsidiary companies to provide guarantees. 20

ROCKMANS LIMITED AND MESSRS. K. & E. ROGERS:

Mr. S. Korman tabled a letter addressed to
himself as Chairman of Rockmans Limited with a pro-
posed arrangement for payment to Messrs. K. & E.
Rogers of the balance of monies due to them by
Rockmans Limited relating to the purchase of Roger
David Pty. Ltd., and K. & E. Rogers Pty. Ltd.

The letter proposed an immediate payment of
£55,000 and the balance at £6,000 per week. 30

It was agreed that Mr. Redpath should negoti-
ate this matter on behalf of Rockmans Limited.

INTER-COMPANY TRANSACTIONS:

In view of the complexity of inter-Company
transactions and the difficulties with securities,
a committee consisting of Messrs. Burt, Gladstones,
Carrodus and Fooks was appointed to examine the
whole position of inter-Company commitments and
to make any recommendation thought necessary.

RETIREMENT OF MR. BURT:

Mr. Burt announced that after much

40

consideration he felt that he should retire as Chairman and as a Director of the Company as from 31st July next. He was however, happy to accede to the request of the Directors and continue his association with the Company in an advisory capacity.

Mr. E.J.K. Thompson then moved the following resolution, which was seconded by Mr. S. Korman and carried unanimously: 10

Resolved that the Board accepts with deep regret the decision of Mr. W.O. Burt to retire as from July 31st next from his position as Chairman and Director of this Company and its subsidiaries and records its most sincere appreciation of the immeasurably valuable service rendered so unsparingly by Mr. Burt over the years in the interests of this Company and its shareholders, dating back to the period of reorganisation of its predecessor, Automobile Finance Company of Australia Limited in 1933, and its gratification at the agreement of Mr. Burt to continue his association with the activities of this Company and its subsidiaries in an advisory 20

Cont.,

Cont., A95
capacity, an association which this Board greatly values both from a business and personal point of view. 30

APPOINTMENT OF CHAIRMAN OF DIRECTORS:

On the motion of Mr. S. Korman seconded by Mr. E.J.K. Thompson it was resolved that Mr. V.T. Gladstones be appointed Chairman of Directors of Factors Limited.

READ AND CONFIRMED

V.T. Gladstones
CHAIRMAN

2/8/61

31st July, 1961.

Mr. A.J. Anderson,
Austin-Anderson (Aust.) Pty. Ltd.,
127 Alexander Street,
CROYS NEST.

Dear Mr. Anderson:

Savage River Iron Ore Deposits
Investigation for the Establishment of Steel Industry in Tasmania.

I refer to our recent discussion and advise brief details of the above project:-

Location and Access.

Savage River deposits are situated in rough, heavily timbered country some 15 miles from the mouth of the Picman River on the north west coast of Tasmania.

The river is navigable for some distance, having a depth of from 40 to 50 feet, but at present there is a sand bar at the entrance which would prevent any but shallow draught vessels from entering. The building of a breakwater on the ocean side of the sand bar would cause the river to scour out the bar and it would seem that satisfactory port facilities could be established near the deposit at reasonable cost.

A road has been constructed connecting the deposit with the Waratah Corinna Road, some 25 miles from Waratah, and roads are at present under construction along the strike of the deposit both north and south, and the erection of a suspension bridge will be commenced within the near future.

History.

On the 31st August 1955 the area was removed from the Mining Act, and in 1956 the Tasmanian Mines Department, in conjunction with the Commonwealth Bureau of Mineral Resources, made an airborne magnetometer survey of the area.

Following encouraging results, the following development work has been undertaken:-

- (a) Ground magnetometer survey.
- (b) Geological mapping and survey.
- (c) Geophysical survey.
- (d) Twelve diamond drill holes, the thirteenth now being in progress.

Exhibit 33 - Copy letter
Hudson to Austin Anderson
1468. (Aust.) Pty. Ltd., 31.7.61

Mr. A.J. Anderson.

31st July, 1961.

- (e) Beneficiation tests.
- (f) Mineagraphic investigations.
- (g) Sample assaying, etc.
- (h) Tunnels, adits, etc.

Most of the technical work has been carried out with the assistance of State or Commonwealth Departments, and considerable assistance has been received from the Commonwealth Scientific and Industrial Research Organisation.

The technical information at present available is too substantial to condense and, if your Principals are interested, it would be necessary for their Technical Advisers to examine and peruse the technical information available.

The geophysical survey indicated the length of the outcrop to be approximately three miles, but it has not been possible in the short time to test such a length of outcrop and its possible extensions in length and, consequently, no accurate assessment of the reserve tonnage has been possible, although drilling to date has indicated a minimum of 200,000,000 tons.

Ore Deposits.

It is a magnetite ore field and consists of a number of enormous lenticular masses, extending almost continuously for three miles, with other lenses at short intervals. These lenses occupy the summits of a series of high, steep wall ridges, trending in a general meridional direction.

Erosion has reduced the ore deposits considerably, as shown by the deep and wide taluses of iron ore on the hill slopes.

The ore consists chiefly of magnetite and is fairly coarse grained, compact and hard.

The length of the largest lense is 2,000 feet and the width about 100 feet. Others extend along the strike 1,500 feet for over 400 feet along the dip and are from 40 to 60 feet thick.

At the surface the iron has been oxidised, hardened and purified of its sulphur content. In one-drill hole, oxidisation continued to a depth of 100 feet.

Beneficiation.

Magnetic separation has been investigated from sizing ranging from minus 1/8" size to minus 200 mesh. The composite sample of magnetite ore from 52 samples contained 46.2 of iron, 0.44 of sulphur and 0.05 of phosphorus. At 1/2" the magnetic fraction contained 55.3% of iron, 0.33 of sulphur. At a minus 18 mesh the iron content was 61.2 and the sulphur had dropped to 0.14. The three remaining sizes showed gradually increasing quantity to a maximum of 68.4 of iron and 0.02 of sulphur. The phosphorus content in all magnetic products ranged from 0.01% to 0.03%. Yields of magnetic concentrate ranged from 67.4% to 81%, with high recoveries of the iron of the order of 98%.

Exhibit 33 - Copy letter
Hudson to Austin Anderson
1469. (Aust.) Pty. Ltd., 31.7.61

Mr. A.J. Anderson,

31st July, 1961.

The rejection of impurities followed a variable pattern. The titanium content in the two drill holes of the northern section of the ore body was approximately 1.2, while in the southern section of the ore body, represented by eight drill holes, it is 0.4%.

Attached is Table of iron, sulphur, phosphorus and titanium content of magnetic tests from bore samples.

The northern section of the ore body is separated from the southern section by the Savage River, which cuts the country to a depth of 600 to 800 feet. Estimated tonnage in the northern ore body is approximately 50,000,000 and in the southern ore body 150,000,000.

Drilling discloses a marked drop in the titanium content in the southern ore body.

In the accompanying Extract, drill holes 1 and 2 are from the northern ore body and drill holes 3 to 10 from the southern ore body.

The ore body in the relatively rich lenses varies from 42% to 45% iron, separated by a low grade, more or less weathered amphibolites, varying from barren country rock to 30% iron.

Surface ore is approximately 63%.

Mining will be open cut and where rich lenses are of sufficient size, they will be mined cleanly and not beneficiated.

Low grade ore and zones of alternately rich, narrow lenses and country rock can be mined and beneficiated.

Barren country rock and iron bearing material below cut off grade (yet to be determined) will be rejected.

Magnetic concentration of high and low grade ore at a minus 60 mesh will up grade ore to 60% Fe with recoveries in excess of 90%.

Influenced by the high titanium content in the northern section of the ore body, consideration was given to a method of direct reduction and samples of approximately 33 tons weight were forwarded to Strategic Materials Corporation at Niagara Falls for smelting tests, costing, etc.

Drilling is indicating a lower titanium content as it proceeds south and it is possible that further drilling in the northern ore body might indicate a lower titanium content than is represented in the two drill holes and, as a consequence, a blast furnace operation may need to be considered, as well as a method of direct reduction.

Exhibit 33 - Copy letter
Hudson to Austin Anderson
1470. (Aust.) Pty.Ltd., 31.7.61

Electricity.

The Tasmanian Government has agreed to the construction of a hydro electric plant on the Pieman River at a cost of £50,000,000 to supply the future demands of the industry and survey work has already been completed and designing is nearing completion. Estimated cost of electricity will be .5 to .6 of a penny.

At the present time there is sufficient power available to supply a direct reduction unit with a productive capacity of 500,000 tons of steel per annum, pending the construction of the hydro electric scheme.

Limestone.

Satisfactory and suitable reserves of limestone are available within 20 miles of the deposit and costs of limestone will be approximately 30/- per ton.

Coal.

Assuming a direct reduction process is favoured, then there is a sufficient quantity of suitable coal in Tasmania, which could be delivered to the plant at approximately £4 per ton. There is no coking coal in Tasmania, but there are supplies on the east coast of Australia at a cost of £5 a ton to plant.

Tests by the Strategic Materials Corporation will take place in late September or early October. The Battelle Institute of Columbus has been asked to represent at the tests, in addition to which technical representatives and the writer will also be present.

The Tasmanian Government granted Mr. E.R. Hudson an exploration licence over the Savage River area of approximately 147 square miles and a licence has been granted, in addition, over a coal bearing area of approximately 450 square miles.

This Company has been continuing the investigations and development work as a preliminary to the establishment of a Public Company at the end of this year with a capitalisation of approximately £1,000,000 to undertake over a period of 18 months further development work, including extensive drilling, the employment of necessary technical consultants, and the consideration of the best and appropriate method of smelting and plant designing, etc. for the establishment of a steel industry.

Circumstances favour the participation of an established steel organisation in the development and setting up of the steel industry in Tasmania and, if your Principals are interested, it is suggested that they make immediate arrangements for inspection and investigation of the technical work and development already done.

Mr. A. J. Anderson,

31st July, 1961.

As indicated, I will be in America late September or early October, and if technical advisers to your Principals have been able to carry out a preliminary inquiry, I would be in a position to further discuss the subject matter.

Australia has been undergoing a period of industrial development.

Since the end of World War II Australia's consumption of ingot steel has risen from 250-lbs. to 700-lbs. per capita per annum, representing an average increase of some 30-lbs. per capita per annum.

It does not seem unreasonable to assume that the above rate will be maintained during the next 10 to 15 years.

On this basis, demand growth of ingot steel will be as follows:-

	<u>1959</u>	<u>1960</u>	<u>1965</u>	<u>1970</u>	<u>1975</u>
Population (Millions)	10.1	10.3	11.4	12.5	13.6
Consumption (per capita)	700	730	880	1000	1180
Consumption (Millions of Tons)	3.2	3.4	4.5	5.7	7.3

On the basis of the above Table, the preservation of Australia's self sufficiency in steel up to 1975, if Broken Hill Pty. Ltd. is Australia's only steel industry, would involve this Company in an annual expenditure of £30,000,000.

Broken Hill Pty. Ltd. is unlikely to seek financial expansion overseas and it is probably beyond this Company's capacity to obtain such a huge financial expansion, which would involve it in an expenditure of some £300,000,000 over the next 12 years.

Australia to-day is urgently in need of a new steel industry which in its initial stage will have not only a local market but also a large export market to the East.

Broken Hill Pty. Ltd., which is one of the world's lowest cost producers, has been unable to take advantage of the export market while attempting to maintain supplies to Australia, although an import into Australia, other than for special steels and alloys, is approximately £45,000,000 during the period 1960-61.

I would appreciate if this letter could be treated as confidential, both by yourself and your Principals.

Yours faithfully,

Exhibit 33 - Copy letter
Hudson to Austin Anderson
(Aust.) Pty.Ltd., 31.7.61

1472.

Encls. 2.

INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED

BL2632
BW5526

3rd Floor,
16 O'Connell Street,
Sydney, Australia.

1st August, 1961.

Dept. of Mines
Ref. No. 3435/61

Mr. J.G. Symons,
Director of Mines,
Department of Mines,
HOBART. TAS.

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Dear Sir:

Mr. Ridgway recently had a conference with Dr. Hovarth of the Bureau of Mineral Resources, Melbourne. After viewing the latest work done by the Bureau, there appeared no indications that there was any anomaly between 6,500 feet south and 900 feet south. Although the anomaly between 9,000 feet and 10,000 feet south is on the same line of lode, it may be an isolated lense. 20

There is an anomaly between 4,500 feet south and 6,500 feet south, which is a continuation of the lenses at present being drilled, and accordingly it has been decided to bulldoze a track into this anomaly and drill same on completion of the present drill hole.

During discussion with Dr. Hovarth it was indicated that it was not the Bureau's intention to do any further work for a period of two years, as they felt that on the present rate of drilling there was sufficient information available to enable drilling sites to be selected. 30

Dr. Hovarth was informed that the drilling rate would be substantially increased in the near future with the number of operating drills and that present sites would run out during a short period, and was asked whether he would continue the work next year, instead of delaying same for a period of two years, as he intended. 40

Dr. Hovarth indicated that, if an application was received from your Department for the work to be continued during next year, the matter would be given consideration.

I would appreciate your making an application for this work to be continued as early as possible

Exhibit "A37" - Letter
1473. to J.G.Symons, 1.8.61

and, if necessary, I can discuss the matter with Dr. Raggatt. However, it does seem that an application had best be made by your Department at this stage.

During the course of discussion Dr. Hovarth expressed the opinion that the Natone deposit is a fairly large flatly dipping occurrence, the outcrop of which is no indication of its possible size, and he will discuss with you the question of drilling this area in the near future.

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My best regards,

E.R. Hudson.

MINUTES OF A MEETING OF DIRECTORS OF
FACTORS LIMITED HELD AT "STANHILL"
34 QUEENS ROAD, MELBOURNE ON WEDNESDAY
2ND AUGUST, 1961

DIRECTORS PRESENT:

Mr. V.T. Gladstones (in the Chair)
Messrs. S. Korman, C.R. Daley, E.J.K. Thompson,
I.K. Redpath, D. Korman, L. Korman and J.C.
Carrodus.

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Mr. W.O. Burt and the Secretary were also in
attendance.

MINUTES:

Minutes of Meetings of Directors held on the
5th and 24th July last having been read by the
Directors were confirmed and signed by the Chairman
as a true and correct record.

OFFINGTON AND OTTAWA:

Mr. Carrodus reported that it was not possible
to make arrangements with the vendors until such
time as the Company is in a position to make a sub-
stantial payment.

20

ROCKMAN SHARE PURCHASE:

The Secretary reported that settlement with
the Rockman family took place on the 31st July and
that the amount remaining to be paid by way of
Promissory Notes was £61,315. 6. 0. plus interest
at the rate of 10% per annum.

The settlement was effected by the following
arrangements:-

30

Balance of Instalment due 31/1/61	95,666.10. 4.
Instalment due 31/1/62	287,000. 0. 0.
Interest due to 31/7/61	<u>7,939.13. 8.</u>
	390,606. 4. 0.

Less

Assignment of Hire Pur-
chase Agreements
Assignment of Mortgages
Advance against Security
of Equity in Second
Mortgage

92,757.15.6.

130,998.10.2.

6,243.14.4.

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Exhibit 123 - Minutes
of Meeting of Factors
Limited, 2.8.61

1475.

Exhibit 123 - Minutes
of Meeting of Factors
Limited, 2.8.61

Transfer by Stanhill
Consolidated Ltd. of
equities in properties
in Brisbane and Sydney

79,000. 0. 0.

309,000. 0. 0.

81,606. 4. 0.

Less

10

Discount allowed on
£287,000

28,700. 0. 0.

Less Legal Costs

8,409. 2. 0.

20,290.18. 0.

Balance Payable by 6
Promissory Notes

£ 61,315. 6. 0.

Mr. Carrodus advised that he would endeavour
to arrange for the Rockman family to take the trans-
fer of a property in settlement of the remaining
amount.

20

QUEENSLAND MINES LIMITED:

Mr. Redpath reported that he had received
advice from the Managing Director of Rio Tinto Min-
ing Co. of Australasia Limited that his Company did
not feel the proposition to purchase Queensland
Mines Limited was of any interest to them at pre-
sent.

Cont.,

A97

INTER COMPANY TRANSACTIONS:

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Mr. Gladstones reported that the committee
formed at the previous meeting had met as arranged
and had reached the conclusion that plans for con-
solidation could not be proceeded with until ac-
curate Balance Sheets of all companies were avail-
able. In the meantime there must be an urgent
realisation of certain assets.

It was agreed that the committee should not
be dissolved and that it should continue to en-
deavour to find an answer to the problem.

40

NATIONAL TRUSTEES, EXECUTORS & AGENCY COMPANY OF
AUSTRALASIA LIMITED - TRUST DEED GUARANTEES:

The Secretary advised that he had now received a request from the Trustees that all subsidiary Companies of Holeproof Industries Limited and Rockmans Limited be joined as guarantors to the "Trust Deed".

10

The Secretary was instructed to obtain the guidance of Mr. Burt in writing to the Trustees pointing out that it had been suggested that the Commonwealth Trading Bank and the National Bank of Australasia Limited may object to the giving of the guarantees and if it was the case then it may not be in the best interests of the Debenture Holders for the Trustees to press for the guarantees.

BANK OF NEW ZEALAND:

The Secretary tabled a letter dated 31st July, 1961 from the Manager of the Bank of New Zealand indicating that the Bank would agree to the Overdraft continuing at £800,000 until 31st October next but would then require arrangements to be made to provide for regular and substantial reductions.

20

It was agreed that a reply should be sent to the Bank thanking them for their assistance and advising that this Company will confer with them during the month of October to make arrangements for the reduction in the overdraft.

30

HOLEPROOF INDUSTRIES LIMITED:

The Secretary informed the meeting that under arrangements made with Holeproof Industries Limited an interest payment of £18,971.11. 2. was due for payment on the 24th July last.

It was agreed that as it was not possible to make the payment no action be taken at present.

SCRIP:

The Secretary reported that Certificates for the following securities had been signed and sealed with the Common Seal of the Company.

40

Ordinary Stock Units:

Melbourne Register

139,294 Units covered by transfers 11445 - 12037

Sydney Register

33,164 Units covered by transfers N737 - N827

Shares Paid to 3d, per share

30,700 Shares covered by transfers 661 - 794

Non Convertible Notes

6,500 Notes covered by transfers 284 - 312

Convertible Notes

10

53,876 Notes covered by transfers 2256 - 2281

Cont.,

A98

Debenture Stock

£12,500 Stock covered by transfers 245 - 258

Debenture Stock ex. Rockman Preference:

£9,000 Stock covered by transfers 26 - 32

SEAL REGISTER:

The meeting confirmed the use of the Company Seal in respect of items numbered 275 - 291 in the Seal Register of the Company and authorised the Chairman to sign the Register.

20

CHEQUES:

Payment of cheques numbered 3274 - 3388 inclusive and totalling £206,954. 9.11. was confirmed.

READ AND CONFIRMED

V.T. Gladstones
CHAIRMAN

8/9/61

4th August, 1961.

Mr. E.R. Hudson,
Industrial & Mining Investigations Pty. Ltd.,
16 O'Connell Street
SYDNEY N.S.W.

Dear Mr. Hudson,

I wish to acknowledge your letter of the 1st August concerning the work done by the Bureau of Mineral Resources in the Savage River area. I have already discussed the continuation of the geo-physical work with Mr. Thyer and I have now written to the Director (Mr. Rayner) officially requesting that the work be continued in the following summer. I note in your letter that Dr. Hovarth confirmed his previous discussions with us in that he considered the Natone deposit being worthy of diamond drilling.

10

Yours sincerely,

(J.G. Symons)
DIRECTOR OF MINES.

20

Industrial }
116 }

Associated Diamond Drillers Pty. Ltd.

DIAMOND DRILLING CONTRACTORS
Telegraphic Address: "COREDRILL" Melbourne and Sydney

68A RAILWAY PARADE
BURWOOD, N.S.W.
Telephone: 74 8297

Reply to Sydney.

1017 BURKE ROAD
CAMBERWELL E6, VICTORIA
Telephones: WB 5292, WB 3767

Mr. E.R. Hudson,
Managing Director,
Industrial and Mining Investigations,
16 O'Connell Street,
SYDNEY. N.S.W.

16th August, 1961.

Dear Mr. Hudson,

AX DIAMOND DRILLING - HIGHCLERE AND HAMPSHIRE AND NATONE
AND BLYTHE RIVER.

Following the discussion in your office to-day between us, we now formally confirm the prices given to you verbally during this meeting as under:-

- | | | | | | |
|----|---------------------|-------------|----------------|----------|---|
| 1. | <u>Highclere</u> | 2 x 250 ft. | price per foot | £3.15.0. | |
| 2. | <u>Hampshire</u> | 2 x 250 ft. | price per foot | £3.15.0. | ✓ |
| 3. | <u>Natone</u> | 1 x 400 ft. | price per foot | £3.15.0. | ✓ |
| 4. | <u>Blythe River</u> | 1 x 500 ft. | price per foot | £3.15.0. | ✓ |

Casing If any holes have to be cased there will be a charge of 17/6 per foot for each line of Casing used.

Delays For cementing, waiting for cement to set and drilling out of cement there will be a charge of £1.0.0. per hour per man on shift.

General The Contractor Associated Diamond Drillers Pty. Ltd., will supply all drilling plant, men and equipment, camping facilities, and supply sufficient drilling water at the drill site to maintain efficient drilling.

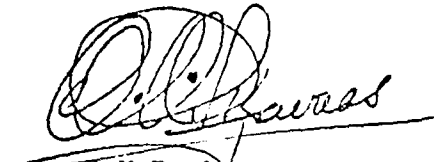
Exhibit 137 - Letter
to Hudson, 16th August,

1480. 1961

General
Contd.

Access to the drill site will be the responsibility of the Contractor. We are in a position to commence drilling immediately, - providing an immediate decision can be reached.

Yours faithfully,
ASSOCIATED DIAMOND DRILLERS PTY. LTD.



O.K.P. Stevens.
General Manager.

Associated Diamond Drillers Pty. Ltd.

DIAMOND DRILLING CONTRACTORS

Telegraphic Address: "COREDRILL" Melbourne and Sydney

ADDRESS YOUR REPLY TO OUR HEAD OFFICE

1017 BURKE ROAD, CAMBERWELL E6, VICTORIA

Telephones: 82 5292 82 3767

CB.GE

14th December, 1962.

Mr. E. R. Hudson,
Managing Director,
Industrial & Mining Investigations Pty Ltd.,
16 O'Connell Street,
SYDNEY: N.S.W.

Dear Sir,

DIAMOND DRILLING - SAVAGE RIVER

I confirm that you called at our office on the morning of Friday, 7th December, and discussed with me the drilling at Savage River as set out on the programme attached to your letter of 13th November.

On your verbal instructions we have already made arrangements for the movement of our plant to the site, and expect to be operating early in January.

During our discussion we went through the old agreement we signed with Rio Tinto to cover drilling in this area, and I understand you are preparing another Agreement for signing giving effect to the amendments agreed between us.

Thank you for your acceptance of our price of £3-17- 6 per foot for this drilling and for your agreement that casing in future will be charged on the basis of 25/- per foot for all casing inserted in each hole which is in contact with the wall of the hole.

We look forward to receiving this document for approval and signature in due course.

I am pleased also to confirm that our Drilling Director, Mr. Hylton Baker, has promised to look into the problem of wagon drilling on the prospect, and we will forward you a quotation for the proposed programme of about 900 ft. of drilling as soon as possible.

Yours faithfully,
ASSOCIATED DIAMOND DRILLERS PTY LTD.

SYDNEY OFFICE: 68A RAILWAY PARADE, BURWOOD, N.S.W. TELEPHONE 74 8197

Exhibit 137 - Letter
Hudson to Associated Diamond
1482. Drillers Pty. Ltd., 14.2.1962

2nd January, 1963.

Mr. C. Bolton,
Secretary,
Associated Diamond Drillers Pty. Limited,
1017 Burke Road,
CAMBERWELL, E.6.

Dear Sir,

I acknowledge receipt of your letter of the 14th December and regret the delay in replying, due to the Christmas break. Enclosed please find draft Contract for your approval.

I am anxious to hear Mr. Hylton Baker's report on the wagon drilling.

I do trust that you will be able to get the drill into operation as early as possible in the New Year, and would like to extend you my very best wishes for the coming year.

Yours faithfully,
INDUSTRIAL & MINING INVESTIGATIONS PTY. LTD

E. R. Hudson,
Managing Director.

(Dictated by Mr. Hudson and signed in his absence.)

ENCL.

Exhibit 137 - Letter
Hudson to Associated Diamond
1483. Drillers Pty.Ltd., 2.1.1963

(2)

- (4) The Contractor will provide a competent supervisor for the erection of the plant and an efficient drilling crew consisting of one foreman driller, one driller and two helpers and shall where reasonably practicable work not less than ten shifts per week.
- (5) The Company shall supply all necessary camping equipment including cooking utensils, tents, camp beds, sleeping bags, pillows and blankets and the Contractor shall take reasonable care thereof. The employees of the Contractor shall keep the camp clean and in a tidy condition, do their own cooking and pay for all food consumed. Drilling camps will organise and finance their own messing arrangements and visitors will be expected to contribute 5/- (five shillings) per meal.
- (6) The Company shall provide core boxes, water tank and sufficient piping to enable the Contractor to efficiently carry out drilling and the Contractor shall instal such tank and piping so as to provide water at the site of any hole being drilled.
- (7) The Contractor will prepare all drill sites ready for drilling and erect all necessary tents for camping purposes. The Company shall whenever practicable render assistance in shifting camps and erecting same at drilling sites.
- (8) The Contractor shall drill holes as specified by the Company properly efficiently and expeditiously and in accordance with good drilling practice and in particular will make every effort to obtain a high core recovery and to collect sludge samples as directed by the Company. Core and sludge samples shall forthwith be delivered to the Company on request.

Exhibit 137 - Annexure to
Letter Hudson to Associated
Diamond Drillers Pty.

- (9) The Contractor shall cement or case the holes when drilling as agreed to with the Company. The Company shall pay to the Contractor an amount of 25/- (twenty-five shillings) for each foot of casing necessarily required provided that the Company shall not be obliged to pay for more than one lot of casing per hole and it shall be at the responsibility and the cost of the Contractor to pay for all other casing per hole used in excess of one.
- (10) The Company shall be entitled to require drilling to be suspended for the purpose of surveying the hole or for any other purpose.
- (11) Where the Contractor is delayed in carrying out drilling by reason of the cementing or the surveying of the hole by the Company or by reason of the Company having directed that the site of drilling be changed the Company shall pay the Contractor at the rate of £1 (one pound) for each hour during which such delay continues for each member of the drilling crew who by reason thereof is delayed in carrying out drilling work but not exceeding an amount of £8 (eight pounds) per day for each such member.
- (12) The Contractor will submit accounts to the Company for all amounts payable hereunder each fortnight and payment shall be made within fourteen days of the submission thereof.
- (13) The Contractor shall not divulge and shall ensure that its employees shall not divulge to any person firm or company except as directed by the Company any information obtained as a

Exhibit 137 - Annexure to
Letter Hudson to Associated
Diamond Drillers Pty.

(13) cont'd.

result of the drilling carried out hereunder.

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

THE COMMON SEAL of INDUSTRIAL &)
)
MINING INVESTIGATIONS PTY.)
)
LIMITED was hereunto affixed in)
)
 the presence of:)
)
)
)
)

THE COMMON SEAL of ASSOCIATED)
)
DIAMOND DRILLERS PROPRIETARY)
)
LIMITED was hereunto affixed in)
)
 the presence of:)
)
)
)
)

Exhibit 137 - Annexure to
 Letter Hudson to Associated
 Diamond Drillers Pty.
 Ltd., 2.1.1963

116 IT
Associated Diamond Drillers Pty. Ltd.

DIAMOND DRILLING CONTRACTORS

Telegraphic Address: "COREDRILL" Melbourne and Sydney

REG. OFFICE:

68A RAILWAY PARADE
BURWOOD, N.S.W.
Telephone: 74 8297
CB.GE

Address Your Reply to.....Melbourne.....Office

1017 BURKE ROAD
CAMBERWELL E6, VICTORIA
Telephones: 82 5292 82 3767

26th Nov., 1963.

The Managing Director,
Industrial & Mining Investigations Pty Ltd.,
16 O'Connell Street,
SYDNEY, N.S.W.

Dear Sir,

re WAGON DRILLING

I confirm our several telephone conversations on this subject and that I had the pleasure of meeting Mr. Ridgway and the two representatives from Pickands & Mather in Melbourne on their way through to Tasmania.

Mr. Bruce Kennedy told me of his plan to meet you in Melbourne on 28th November and suggested this was the time for us to discuss prices, etc., for the work to be done, but so that he could see our plant in operation before he left the Island urged me to get the wagon drill, drill rods, etc., necessary to Waratah as soon as possible. He undertook to reimburse our freight costs which we agreed would necessarily be heavier because of the urgency.

I am happy to report that all has gone to plan, the compressor being in Waratah, its removal to Savage being placed in the hands of Joe Fagan. The wagon drill travelled on the "Bass Trader" on Sunday and was picked up by Joe in Burnie yesterday. The rods and other odd equipment were sent by us from Sydney to Melbourne by Ipec and thence by air to Burnie.

Perhaps our greatest problem was securing suitable calico bags for dust collection, but by devious means we secured a gross of these from our Bank.

To-day Mr. Baker has taken over an experienced driller, and we hope that if Joe has carried out his part to have the site prepared, the drill will be working and Mr. Kennedy can formulate a fairly definite plan for the operation.

Exhibit 137 - Letter
Associated Diamond Drillers
to Hudson, 26.11.1963
1488.

Looking forward to meeting you in Melbourne on
Thursday,

Yours faithfully,

ASSOCIATED DIAMOND DRILLERS PTY LTD.

A handwritten signature in cursive script, appearing to read 'C. Bolton', with a long, sweeping flourish extending upwards and to the right.

(C. Bolton)

BUSINESS MANAGER & SECRETARY

Associated Diamond Drillers Pty. Ltd. ¹¹⁶

DIAMOND DRILLING CONTRACTORS

Telegraphic Address: "COREDRILL" Melbourne and Sydney

ADDRESS YOUR REPLY TO OUR HEAD OFFICE

1017 BURKE ROAD, CAMBERWELL E6, VICTORIA

Telephones: 82 5292 82 3767

10th February, 1964.

CB.GE

The Managing Director,
Industrial Mining Investigations Pty Ltd.,
2 Castlereagh Street,
SYDNEY. N.S.W.

Dear Sir,

DIAMOND DRILLING
Savage River:

I would like to confirm our telephone conversation of to-day concerning diamond drilling at Savage River, and am pleased at your assurance of a continuation of exploratory drilling in this area of a footage of possibly up to 20,000 ft. still to be done in the next two or three years.

On full investigation it now appears that the present machine is unsuited for the area and that a more suitable machine should be moved there without delay. Following your assurance that a substantial programme remains, such a plant will be secured and placed in operation as soon as possible.

We are not confident this will in itself achieve the desired increased production, and although mindful that experience in the area is invaluable, we plan crew changes at an early date.

Yours faithfully,

ASSOCIATED DIAMOND DRILLERS PTY LTD.


(C. Bolton)

BUSINESS MANAGER & SECRETARY

SYDNEY OFFICE: 68A RAILWAY PARADE, BURWOOD, N.S.W. . TELEPHONE 74 8297

Exhibit 137 - Letter
Associated Diamond Drillers
to Hudson, 10.2.1964
1490.

NEW ADDRESS:

Suite 5, 12th Floor,
2 Castlereagh Street,
SYDNEY. N.S.W.

'Phone: 28-8806

13th February, 1964.

The Business Manager & Secretary,
Associated Diamond Drillers Pty. Ltd.,
1017 Burke Road,
CAMBERWELL. E.6. VICTORIA.

10

Dear Sir,

I acknowledge receipt of your letter of the 10th instant and thank you for making alterations to your plant which will give better results.

While it does appear that there will be substantial drilling in this area over a number of years I want to make it clear that your alteration of plant is not necessarily conditional thereto.

I should take this opportunity of saying that unless some action had been taken by you to increase the footage drilled it was apparent that other contractors would have needed to have been called in.

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I myself feel that this action by you has been long delayed.

Yours faithfully,
INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED

(E.R. Hudson)
Managing Director

30

Associated Diamond Drillers Pty. Ltd.

DIAMOND DRILLING CONTRACTORS

Telegraphic Address: "COREDRILL" Melbourne and Sydney

ADDRESS YOUR REPLY TO OUR HEAD OFFICE

1017 BURKE ROAD, CAMBERWELL E6, VICTORIA

Telephones: 82 5292 82 3767

23rd June, 1964.

CB.GE

Mr. E.R. Hudson,
Managing Director,
Industrial & Mining Investigations Pty Ltd.,
2 Castlereagh Street,
SYDNEY N.S.W.

Dear Mr. Hudson,

DRILLING ACCOUNTS Savage River

I refer to our earlier correspondence, and as arranged when I met you at Essendon Airport this morning now enclose a full statement to date for drilling to the completion of Hole No. 26. For your information Hole No. 27 has been commenced and is reported to be at 20 ft. depth at the completion of drilling on Friday, 19th June, 1964. With the introduction of mud as a drilling fluid in Hole No. 27 it is hoped the recent difficulties experienced with swelling ground can be overcome and better progress maintained.

We regret our error in invoicing you for part of holes 25 and 26 at the incorrect price, and now enclose our amending credit note for 513 ft. at 15/- per foot amounting to £384-15- 0. This error arose from the fact that both of these holes were drilled from the collar with "N" size bottom discharge equipment, the drillers being limited to two foot runs in an endeavour to secure a high core recovery in the top of the hole to the first iron seam.

Hole 25 and 26 were so drilled and cased "A" size respectively to 180 ft. and 130 ft. from which points normal "A" size drilling was continued. In hole No. 27 Mr. Ridgway has issued instructions to our crew to return to normal "A" drilling throughout the hole so that our agreed price of £3-17- 6 per ft. will apply.

You will note the credit has been shown on the attached statement, and as you have all the invoices listed,

SYDNEY OFFICE: 68A RAILWAY PARADE, BURWOOD, N.S.W. . TELEPHONE 74 8297

1492. Exhibit 137 - Letter
Associated Diamond Drillers
to Hudson, 23.6.1964

we hope this will enable you to clear up the matter before you leave for America later this week.

As reported to you verbally, we have now established in Tasmania a very senior man, Mr. Rex Parkes, to represent us in this State, and he has already tackled Savage River drilling. He has sent a "mud" expert to the site to cope with the installation and operation of the mud drilling and has our full instructions and authority to determine the drill crew. Mr. Parkes has promised to spend a lot of time on the job until he is satisfied it is running properly. I understand he has already met Mr. Ridgway and hope he will have the chance of meeting you soon.

I will telephone you at your office tomorrow to ensure this letter and the attached documents have arrived safely and to discuss any matters arising herefrom.

With very best wishes for a pleasant and fruitful trip to America,

Yours sincerely,

ASSOCIATED DIAMOND DRILLERS PTY LTD.



(C. Bolton)

BUSINESS MANAGER & SECRETARY

Encls.

13. JUL. 1964

Associated Diamond Drillers Pty. Ltd.

DIAMOND DRILLING CONTRACTORS

Telegraphic Address: "COREDRILL" Melbourne and Sydney

ADDRESS YOUR REPLY TO OUR HEAD OFFICE

1017 BURKE ROAD, CAMBERWELL E6, VICTORIA

Telephones: 82 5292 82 3767

10th July, 1964.

CB.GE

The Manager,
Industrial & Mining Investigations Pty Ltd.,
2 Castlereagh Street,
SYDNEY N.S.W.

Dear Sir,

Thank you for your letter of 25th June and
for your cheque for £3,000 for which our official receipt is
now attached.

I confirm our telephone conversation and
that the balance of the account will probably be settled by
your office during your absence overseas.

Yours faithfully,

ASSOCIATED DIAMOND DRILLERS PTY LTD.



(C. Bolton)

BUSINESS MANAGER & SECRETARY

Encl.

SYDNEY OFFICE: 68A RAILWAY PARADE, BURWOOD, N.S.W. . TELEPHONE 74 8297

Exhibit 137 - Letter
Associated Diamond Drillers
to Hudson, 10.7.1964
1494.

13. JUL. 1964

10th July, 1964.

Mr. C. Bolton,
Associated Diamond Drillers Pty. Ltd.,
1017-1019 Burke Road,
CAMBERWELL, E.6. VIC.

Dear Mr. Bolton,

Further to your letter of June 23 attaching a statement and credit note number 87 of the same date, we advise that we are unable to reconcile your letter with the credit.

10

Would you please recheck the data set out therein particularly in relation to the total footage of Hole No. 25. On the face of it there appear to be inconsistencies and your confirmation or otherwise as to the accuracy would be appreciated.

Yours faithfully,
INDUSTRIAL & MINING INVESTIGATIONS
PTY. LTD.

L. Madden
Secretary.

20

Exhibit 137 - Letter
to Associated Diamond
1495. Drillers Pty.Ltd.,10.7.64

18th August, 1961

Mr. E.R. Hudson,
Industrial and Mining Investigations Pty. Ltd.,
16 O'Connell Street
SYDNEY. N.S.W.

Dear Mr. Hudson,

I wish to confirm our telephone discussion of this week and advise that arrangements have been made for Mr. Hughes, Mr. Ridgway and myself to visit the Gordon River leaving Hobart on Monday, the 28th August. Provisional arrangements have been made for you as I understand you wish to accompany us. Would you please confirm this during the coming week. I notice also that your Exploration Licence covering the Savage River iron ore deposits expires on Wednesday, the 23rd August. To date the Department has not received any renewal of this licence although we understand you wish to renew it. It is necessary for a request for an extension to be received prior to that date otherwise the licence cannot be renewed.

10

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Yours sincerely,

(J.G. Symons)
DIRECTOR OF MINES

**INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED**

HL 6632
HW 6526

3RD FLOOR,	
16 O'CONNELL STREET, SYDNEY, AUSTRALIA	
18th August, 1961.	
RECEIVED	21 AUG 1961
ANSWERED	
DEPT. OF MINES	
P. O. NO. 3819/61	

Mr. J. Symons,
Director of Mines,
Mines Department,
HOBART, TAS.

Dear Mr. Symons:

Exploration Licence No. E14/61
Savage River Iron Ore Deposit.

I hereby request an extension of the above Exploration Licence for a period of six months. I attach details of expenditure in respect thereof.

The total estimated commitment for the period to the 24th August is approximately £28,520.9.10d.

Due to unforeseen circumstances and more particularly the fact that Stanhill Consolidated, which had undertaken to take up £500,000 of share capital in a Company to be formed during the period of licence and current credit restrictions in Australia, it was not possible to strictly comply with the conditions of the Licence.

It was considered desirable to carry out further development work and to arrange a smelting test of ore samples in order to bring the project to a stage where it is possible to issue a Prospectus for the formation of a public company, as envisaged.

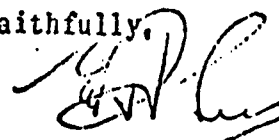
During the period of the next six months steps will be taken for the formation of such Company for the purpose of completing development work, technical study, plant design, etc.

It is difficult to foresee at this stage just what the expense will be in the establishment of such a Company, but it will be substantial, and it is requested that during the next six months period drilling at the Savage River be limited and more attention paid to roads of access, particularly to the northern area.

It is anticipated that expenditure during the period of the next six months will be in excess of £30,000, but a considerable amount of this expense will be taken up in work other than actual drilling.

However, I request an extension of the term of the said lease on any conditions which you might seem fit to impose.

Yours faithfully,



Attach.

Exhibit 3 - Copy
Letter Hudson to Symons
18th August, 1961

1497.

DEPT. OF MINES	REG. NO.			
DEPT. OF MINES				
REF. NO.				

DETAILS OF EXPENDITURE

Geological Fees and Wages	£2,736.17. 5
Diamond Drilling	6,178. 4.10
Roads Construction and Clearing	1,745. 7. 7
Workers Compensation and Insurance	228.14. 0
Proportionate Rent, Stationery and Telephone	240.16. 3
Printing, Publications, Petty Cash	315.17. 0
Bridge Equipment	329. 1. 8
Drilling Equipment	600. 0. 0
Jeep	412. 4. 9
Core Boxes	182. 5. 0
Shipping Freight and Handling Charges	926. 7. 1
Travelling, Hotel Accommodation and Car Hire	1,623.16. 3
	£15,520. 9.10
	£15,520. 9.10

The above expenditure does not include payment for work already done for the accounts have not been received in respect of drilling and also in respect of an amount owing to Mr. Fagan, nor does it include a commitment for the S.U. test, which is being paid in the next few days, and other working commitments at present under way.

It is estimated that in addition to the above accounts already paid, accounts to be paid during next month in respect of work and obligations incurred during the last six months will be approximately £13,000. Details of this expenditure will be forwarded in due course.

No administration charge has been made.

287 Wellington Street,

C O P Y

T A S M A N I A

Phone 42431

42432

DEPARTMENT OF MINES LABORATORY,

LAUNCESTON, 22nd August, 1961.

c. c. to -

Mr. Ridgway,

Burnie.

Mr. E.R. Hudson,
Managing Director,
Industrial & Mining Investigations Pty. Ltd.,
16 O'Connell Street,
SYDNEY. N.S.W.

10

Dear Sir,

Samples of diamond drill core received from you on the 14th August, 1961, and stated to be obtained from Savage River, have been analysed with the following results.

<u>Reg.</u> <u>No.</u>	<u>Description</u>	<u>Footage</u>	<u>Percent</u> <u>HCl.Sol.Fe</u>	20
940.	D.D.H. No. 12, Iron Ore	23' - 30'	67.6	
941.	" "	30' - 40'	66.4	
942.	" "	40' - 50'	66.6	
943.	" "	50' - 60'	67.1	
944.	" "	60' - 70'	66.8	
945.	" "	70' - 80'	66.1	
946.	" "	82' - 86'6	21.7	
947.	" "	86'6-100'	66.1	
948.	" "	100' - 109'6	67.5	30
949.	" "	112' - 130'	60.1	
950.	" "	130' - 140'	60.0	
951.	" "	140' - 150'	54.1	
952.	" "	150' - 160'	42.8	
953.	" "	160' - 170'	57.8	
954.	" "	170' - 180'	57.5	
955.	" "	180' - 190'	56.7	
956.	" "	190' - 200'	54.8	

1499. Exhibit 138 - Letter
to Hudson 22/8/61

Exhibit 138 - Letter
to Hudson 22/8/61

957.	"	"	200' -212'	57.7
958.	"	"	217' -230'	56.0
959.	"	"	230' -240'	57.8
960.	"	"	240' -250'	51.7
961.	"	"	250' -254'	41.2

(Sgd.) C.J. Penman

Acting Chief Chemist & Metallurgist.

Sheet No. 2.

FROM Department of Mines Laboratory,

Launceston, Tasmania.

TO

INDUSTRIAL & MINING
INVESTIGATIONS
PTY. LTD.

10

<u>Reg. NO.</u>	<u>Description</u>	<u>Footage</u>	<u>Percent HCl, Sol, Fe.</u>
962.	D.D.H. No. 12, Amphibolite	254' -261'	23.6
963.	D.D.H. NO. 12, Low Grade	334' -338'	36.6
964.	D.D.H. No. 12, Low Grade	340' -350'	14.0
965.	D.D.H. No. 12, Surface Scree	0 - 23'	67.5

Yours faithfully,

(Sgd.) C.J. Penman

20

Acting Chief Chemist & Metallurgist.

TASMANIA

DEPARTMENT OF MINES LABORATORY,
287 Wellington Street,
SOUTH LAUNCESTON. 31st October, 1961

c.c. to -

Mr. Ridgway, Burnie.

Mr. E.R. Hudson,
Managing Director,
Industrial & Mining Investigations Pty. Ltd.,
16 O'Connell Street,
SYDNEY, N.S.W.

10

Dear Sir,

Samples of diamond drill core received from you on the 19th October, 1961, and stated to be obtained from Savage River, have been analysed with the following results.

<u>Reg No.</u>	<u>Description</u>	<u>Footage</u>	<u>Percent HCl.Sol.Fe.</u>	
1649	D.D.H. No.12a, Iron Ore	350' -360'6	15.1	
1650	" "	360'6-372'	49.6	20
1651	" "	461' -470'	45.7	
1652	" "	470' -489'	49.4	
1653	" "	489' -498'	15.7	
1654	" "	498' -502'	44.3	
1655	" "	502' -508	10.4	
1656	" "	508' -528'	21.5	
1657	" "	528' -548'	17.6	
1658	" "	548' -559'	7.5	
1659	" "	559' -566'	19.6	
1660	" "	566' -588'	48.3	30
1661	" "	588' -589'6	3.4	
1662	" "	589'6-619'6	52.3	
1663	" "	619'6-649'6	52.1	
1664	" "	649'6-678'6	53.9	
1665	" "	678'6-690'6	3.7	
1666	" "	690'6-708'	43.1	
1667	" "	708' -741'6	5.8	
1668	" "	741'6-771'6	49.8	

1501. Exhibit 138 - Letter to Hudson 31/10/61

Exhibit 138 - Letter
to Hudson 31/10/61

1669	"	"	771'6-801'6	49.4
1670	"	"	801'6-816'	50.2

Department of Mines Laboratory,
Launceston, Tasmania

To Mr. E.R. Hudson,
Sydney, N.S.W.

<u>Reg.</u> <u>No.</u>	<u>Description</u>	<u>Footage</u>	<u>Percent</u> <u>HCl, Sol, Fe.</u>	
1671	D.D.H. NO.12a, Iron Ore	816' -820'	18.0	
1672	"	820' -826'9	44.3	
1673	"	826'9-833'	5.0	
1674	"	833' -867'	43.0	
1675	"	867' -877'	5.4	
1676	"	877' -907'	48.8	
1677	"	907' -937'	51.6	
1678	"	937' -969'6	48.9	
1679	"	969'6-973'6	20.9	20
1680	"	973'6-981'	49.6	
1681	"	981' -987'	16.8	
1682	"	987' -1011'6	35.0	

Yours faithfully,

John Liddy
Acting Chief Chemist & Metallurgist.

Fee: £13:12: -.

DEPARTMENT
OF MINES. LABORATORY.
TASMANIA LAUNCESTON.

c.c. to -
Mr. Ridgway,
Burnie.

7th September, 1961.

C E R T I F I C A T E O F A N A L Y S I S

To Industrial & Mining Investigations Pty. Ltd.,
 16 O'Connell Street, Sydney, New South Wales.

The samples of diamond drill core received from the above on the 17th August, 1961, and stated to be from Savage River ~~has~~ have been examined, with the following results:-

Registered Number	Constituents	Per Cent	Per Ton		
			Ozs.	Dwts.	Grs.
1165	(129'-149' D.D.H. No.12A). HCl. Sol. Fe.	62.6			
1166	(149'-169' D.D.H. No.12A). HCl. Sol. Fe.	62.3			
1167	(169'-186' D.D.H. No.12A). HCl. Sol. Fe.	57.7			

John Liddy
Acting Chief Chemist and Metallurgist.

16097 20 (157)

Exhibit 138 - Copy
Certificate of
Analysis 7/9/61

1503.

Exhibit 138 - Copy
Certificate of
Analysis 7/9/61

Sheet No. 2.

FROM Department of Mines
Laboratory,
Launceston, Tasmania.

TO Industrial & Mining
Investigations P/Ltd.

<u>Reg. No.</u>	<u>Description</u>	<u>Footage</u>	<u>Percent</u>		
			<u>HCl.</u>	<u>Sol. Fe</u>	
832.	Iron Ore	240'-245'	59.3		
833.	"	245'-250'	52.0		
834.	"	250'-258'	26.7		
835.	"	258'-265'	54.2		
836.	"	265'-270'	56.5		
837.	"	270'-275'	54.4		
838.	"	275'-281'	55.4		
839.	"	281'-286'	39.7		
840.	"	286'-290'	57.0		20
841.	"	290'-295'	60.1		
842.	"	295'-300'	57.4		
843.	"	300'-307'	60.5		
844.	Amphibolite	307'-358'	4.7		
845.	Iron Ore	358'-362'	56.0		
846.	"	375'-380'	48.3		
847.	"	380'-385'	57.1		
848.	"	385'-390'	47.9		
849.	"	390'-395'	56.1		
850.	"	395'-400'	55.2		30
851.	"	400'-405'	51.5		
852.	"	405'-410'	55.0		
853.	"	410'-415'	54.2		
854.	"	415'-420'	59.7		
855.	"	420'-425'	57.9		
856.	"	425'-430'	57.3		
857.	"	430'-435'	53.1		

Exhibit 138 - Copy
Certificate of
Analysis 7/9/61

858.	"	435'-440'	50.0
859.	"	440'-445'	53.1
860.	"	445'-450'	51.4
861.	"	450'-453'	14.4
862.	Amphibolite	453'-473'	7.6
863.	Iron Ore	473'-480'	54.2

1505. Exhibit 138 - Copy
Certificate of
Analysis 7/9/61

MINUTES OF A MEETING OF DIRECTORS OF FACTORS
LIMITED HELD AT STANHILL, 34 QUEENS ROAD,
MELBOURNE ON FRIDAY 8TH SEPTEMBER, 1961

PRESENT: Mr. V.T. Gladstones (in the Chair)

Messrs: S. Korman, H. Korman, C.R. Daley,
E.J.K. Thompson, I.K. Redpath, L. Korman,
D. Korman and J.C. Carrodus.

Mr. E.E. Fookes and the Secretary were
also in attendance.

10

MINUTES:

Minutes of Meetings of Directors held on the
2nd and 16th August each having been read by the
Directors were confirmed and signed by the Chairman
as a true and correct record.

OFFINGTON AND OTTAWA:

Mr. Carrodus informed the meeting that at an
interview with Mr. Trumble he had requested that the
contract of sale be renewed on the payment of
£50,000 and interest to date together with half the
difference between todays valuation and the original
contract price of the properties.

20

Mr. Trumble had undertaken to confer with
Mr. Doggett and advise Mr. Carrodus.

It was resolved that if this proposal is
acceptable to Mr. Doggett, arrangements be made to
complete the agreement.

It was further resolved that any interim
developments should be left in the hands of the
Chairman and Mr. Carrodus.

30

QUEENSLAND MINES LIMITED:

Mr. Redpath reported that he was still en-
deavouring to find a suitable purchaser for the
Mine but, as yet, had not been successful.

It was agreed that Mr. Redpath should pre-
pare a suitable letter to be forwarded to all pot-
entially interested purchasers advising the shares
are to be auctioned. This letter to be submitted
to the Chairman for approval.

NATIONAL TRUSTEES, EXECUTORS & AGENCY
COMPANY OF AUSTRALASIA LIMITED - TRUST DEED
GUARANTEES:

The Secretary read a letter received from the Trustee Company requesting further information. After some discussion Mr. Gladstones undertook to draft a suitable letter requesting the Trustees not to press for the guarantees at present. 10

ROCKMANS LIMITED:

Mr. S. Korman reported at length on the negotiations that culminated in the sale of certain assets of Rockmans Ltd. to Woolworths Ltd.

The Directors confirmed the action of the Board of Rockmans Ltd. in completing the sale which they considered to be very satisfactory in the prevailing circumstances.

It was resolved to place on record the appreciation of the Board to Mr. S. Korman for the many hours spent in conducting preliminary negotiations and the tremendous work done 20

A101

in successfully concluding the transaction.

REDEMPTION OF DEBENTURE STOCK:

It was resolved that an amount of £603,000 of Debenture Stock issued to Somerton Development Pty. Ltd., should be redeemed.

KALART PTY. LTD:

30

The Secretary advised that Kalart Pty. Ltd., were of the opinion that they had not received proper notice under section 93 of the Companies Act and that they were therefore still shareholders of Rockmans Ltd.

It was agreed that the matter be left in abeyance pending further advises from Kalart Pty. Ltd.

SEAL REGISTER:

The meeting confirmed the use of the Company Seal in respect of item numbered 292 in the Seal 40

Exhibit 124 - Minutes
of Meeting of Factors
Limited, 8.9.61

Register of the Company and authorised the Chairman
to sign the Register.

CHEQUES:

Payment of cheques numbered 3389 - 3490 in-
clusive and totalling £192,574. 0. 8. was confirmed.

READ AND CONFIRMED

V.T. Gladstones
CHAIRMAN

10

4/10/61

TESTS IN U.S. FOR OUR ORE

SMELTING tests of Tasmanian iron ore are to be carried out in the United States in about a fortnight.

The Premier (Mr. Reece) said yesterday that the tests were to be made to ascertain the reaction of iron ore from the Savage River deposits under modern furnace conditions.

The tests also would enable an assessment to be made of the cost of smelting the ore, as well as the possibility of using Tasmanian coal in the process.

The tests would be made in electric furnaces.

Mr. Reece said that the Government had arranged for Mr. W. St. C. Manson, chief chemist and metallurgist of the Mines Department, to be present during the period of testing, as the results of the tests would be of great interest to the Mines Department from a technical viewpoint as well as to Tasmanians generally, who were anxious to learn of the possible use of Tasmanian iron ore in another industry for the State.

Preliminary

"These tests will, of course, be a preliminary to a great deal of further investigational work that will still need to be undertaken to determine the overall economics of basing an industry on the use of iron ore from the Savage River area," said Mr. Reece.

"It will be some time be-

fore a decision can be reached.

"A substantial programme of diamond drilling will need to be carried out, and it may be that further smelting and other metallurgical testing will have to be undertaken before a final determination on the possibilities can be made.

"The deposits have encouraging possibilities, with good prospects for future developments.

"The American smelter tests will be a step nearer a decision as to their final worth."

MINUTES OF A MEETING OF DIRECTORS OF
FACTORS LIMITED HELD AT "STANHILL" 34
QUEENS ROAD, MELBOURNE ON WEDNESDAY 4TH
OCTOBER, 1961.

DIRECTORS PRESENT:

Mr. V.T. Gladstones (In the Chair)

Messrs. S. Korman, C.R. Daley, E.J.K.Thompson,
I.K. Redpath, L. Korman, D. Korman and
J.C. Carrodus. 10

Mr. E.E. Fookes and the Secretary were also
in attendance.

MINUTES:

Minutes of meetings of Directors held on the
8th and 29th September last having been read by the
Chairman were confirmed and signed by the Chairman
as a true and correct record.

OFFINGTON AND OTTAWA:

Mr. Carrodus reported that he had not received
any reply from Mr. Trumble although he had endeav- 20
oured to contact him on several occasions.

It was resolved that no further action should
be taken at present.

QUEENSLAND MINES LIMITED:

The Secretary reported that the Company's
Solicitors had not been able to prepare an agree-
ment with regard to the advance to Queensland Mines
Limited because of the uncertainty of the maturity
date.

It was resolved that the agreement be pre- 30
pared providing for the loan to be repaid on demand.

Mr. Korman informed the meeting that some
time ago Mr. Hudson obtained licenses from the
Tasmanian Government relative to Iron Ore Deposits
in Tasmania.

These licenses were obtained for and on
behalf of Queensland Mines Limited. It now ap-
peared that Mr. Hudson was endeavouring to pro-
mote a company to develop the deposits.

Mr. Korman was authorised to proceed to 40

Tasmania to interview the Premier in an endeavour
to clarify the position.

NATIONAL TRUSTEES EXECUTORS & AGENCY COMPANY OF
AUSTRALASIA LIMITED:

The Secretary advised that Mr. Gladstones
had written to the Trustee Company and that a reply
had been received that the Trustees still required
further information. 10

The Chairman undertook to make an appointment
with the Trustees in an endeavour to settle the
matter.

ACCOUNTS FOR PAYMENT:

The Secretary reported that the Bank of New
Zealand had debited the current account with the
overdraft interest of £28,500 and in addition there
were accounts totalling £41,597 requiring urgent
attention. 20

A104

BANK AUTHORITIES:

The Secretary was instructed to arrange for
new bank authorities to be completed in respect of
all current accounts at present being operated by
the Company and its immediate subsidiaries.

COLONIAL AMMUNITION COMPANY LIMITED:

It was resolved that approval be given to
Mr. H. Korman to arrange for Colonial Ammunition
Company Limited to purchase the balance of the
shares in Bond Industries Limited of New Zealand
provided no funds are required from Australia. 30

CHEQUES:

Payment of cheques numbered 3491 to 3597 in-
clusive and totalling £633,553.15.11. was confirmed.

READ AND CONFIRMED

V.T. Gladstones
CHAIRMAN

1/11/61

AMERICAN METAL CLIMAX, INC.
1270 AVENUE OF THE AMERICAS
NEW YORK 20, N. Y.

IAN K. MACGREGOR
VICE PRESIDENT
AND
EXECUTIVE ASSISTANT TO THE PRESIDENT

October 30, 1961

Mr. E. R. Hudson
Waldorf Astoria Hotel
50th Street & Park Avenue
New York, N. Y.

Dear Mr. Hudson:

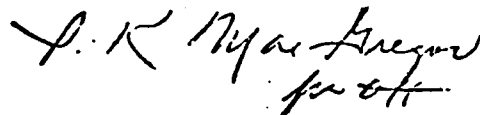
Thank you for coming to see us to tell us about your iron ore property in Tasmania and the plans which you have for its development.

As I promised you and Mr. Pupulidy, we will give the matter some thought and determine the extent of our interest.

I should advise you, however, that it now looks as if this might be somewhat out of our range of interest at the present moment.

I suggested that when you visit London, you should look up Mr. Forgan who is the Exploration Manager of the Selection Trust Company of Mason's Avenue in the East Central business district. I am sure Mr. Forgan would be glad to hear about your experiences in Australia.

Sincerely,

Handwritten signature of Ian K. MacGregor in cursive script, with the initials 'IKM' written below the signature.

IKM:oh

1512.

Exhibit 34 - Copy letter
American Metal Climax to
Hudson, 30.10.1961

STRATEGIC MATERIALS CORPORATION

235 EAST 42ND STREET
NEW YORK 17, N. Y.

ALEXANDER PUPUL DY
ASST. GEN'L. SALES MGR.

November 1, 1961

Mr. E. R. Hudson,
Industrial & Mining Investigations,
Pty., Ltd.
c/o Room 1036
Waldorf Astoria Hotel
New York, New York

Dear Mr. Hudson:

In accordance with your request, we ran a steel refining heat on 4,500 lbs of metal produced in the course of the 100 KVA demonstration witnessed by yourself and Messrs. Ridgeway and Hanson, during the week of October 16, with the following results:

<u>Carbon</u>	<u>Silicon</u>	<u>Sulphur</u>	<u>Phos</u>	<u>Mn</u>	<u>Ti</u>	<u>V</u>
0.30%	0.29%	0.04%	0.024%	0.54%	0.002%	0.005%

If requested, samples of this steel will be sent to your offices. The final report on the demonstration will contain the technical details of the steel refining operation.

Very truly yours,

AP/mm



Exhibit 35 - Copy letter
Strategic Materials Corp.
to Hudson, 1.11.1961
1513.

MINUTES OF A MEETING OF DIRECTORS OF
FACTORS LIMITED HELD AT "STANHILL"
34 QUEENS ROAD, MELBOURNE ON WEDNESDAY
1ST NOVEMBER, 1961.

DIRECTORS PRESENT:

Mr. V.T. Gladstones (in the Chair)
Messrs. C.R. Daley, I.K. Redpath, L. Korman,
D. Korman and J.C. Carrodus.

Mr. E.E. Fookes and the Secretary were also 10
in attendance.

An apology was received from Mr. E.J.K.
Thompson.

MINUTES:

Minutes of a meeting of Directors held on the
4th October last having been read by the Directors
were confirmed and signed by the Chairman as a true
and correct record.

OTTAWA AND OFFINGTON:

The Secretary reported that he had spoken to 20
Mr. Trumble who advised that our proposition was not
acceptable to Mr. Doggett.

Mr. McIntyre of Malleon, Stewart & Co., has
advised that he will endeavour to ascertain
Mr. Doggett's thoughts on the matter.

QUEENSLAND MINES LIMITED:

The Secretary read a letter written to
Mr. Hudson and the reply thereto, and also a report
on the discussion with the Premier of Tasmania. It
was agreed that the matter should be deferred until 30
the return of Mr. S. Korman from overseas.

The Secretary also referred to correspondence
relating to a Blue Metal Lease in Queensland and the
agreements between Queensland Mines Limited and
Factors Limited and Australasian Oil Exploration
Limited with regards to advances made.

It was agreed that these matters be referred
to a Queensland Mines Limited Directors Meeting to
be called on Mr. Hudson's return from America.

NATIONAL TRUSTEES, EXECUTORS AND AGENCY CO. OF
AUSTRALASIA LIMITED DEBENTURE GUARANTEES:

The Secretary read a letter from the Trustee Company requesting that the Guarantees by the subsidiaries be completed immediately.

It was resolved that a reply be forwarded to the Trustees pointing out that the Trust Deed refers to wholly owned subsidiaries and that Holeproof Industries Limited is not a wholly owned subsidiary and we therefore submit that this Company should not be required to join the guarantee. 10

In the case of Rockmans Limited, the Trustees be requested to approve an amendment to the Deed to release a subsidiary Company from the guarantee if such Company ceases to be a subsidiary.

A106

HOLEPROOF INDUSTRIES LIMITED: 20

The Secretary was instructed to confer with the Chairman in preparing a letter to Holeproof Industries Limited requesting that the amount of loan now due for repayment be extended until the 25th October, 1962.

ROCKMANS LIMITED AND WOOLWORTHS LIMITED:

The Chairman reported that the sale of Rockmans Stores to Woolworths Limited was proceeding satisfactorily and that most of the difficulties were slowly being ironed out. It would not be possible, however, to know the final outcome of the transaction until after the option to the Schedule "B" properties had been exercised in August, 1962. 30

BANK OF NEW ZEALAND:

Mr. Carrodus reported on a meeting with Mr. Marchbanks, Manager of the Bank of New Zealand.

Mr. Marchbanks had suggested that we should endeavour to place the account elsewhere if we could not reduce the overdraft.

It was resolved that a letter be written to the Bank pointing out that the Company appreciated the assistance received and advising that it would not be possible to make any substantial reduction 40

in the overdraft until such time as we could sell certain fixed assets.

FACTORS HOUSE:

Mr. Redpath advised that he had reached an agreement with Industrial Acceptance Corporation Limited whereby any further capital repayments on Factors House be deferred until the end of the contract. 10

It was resolved that the variation agreement be signed and sealed with the Common Seal of the Company when the Document is available.

BALANCE SHEET COVER:

It was resolved that the design for the Balance Sheet Cover be the same as previous years and that the Secretary instruct the printers to proceed with the preparation.

AUDIT OF ACCOUNTS:

20

The Secretary read letters from Messrs. Buckley & Hughes dated 13th and 19th October, relative to various aspects of the final accounts.

These letters were considered at length and as a result the following resolutions were passed.

1. It was resolved that an amount of £25,000 be transferred from Provision for Bad and Doubtful Debts to Profit and Loss Account. This amount is considered to be in excess of the Provision required. 30

2. It was resolved that Investments in other companies be shown at book value in the Balance Sheet and the market value be shown on the notes on the accounts.

3. It was resolved that shares in Subsidiary Companies be shown in the Balance Sheet at book value and that any reference to the deal with Woolworths Limited be made in the Directors Report or Chairman's address.

A107

40

STANHILL CONSOLIDATED LIMITED:

It was resolved that this meeting confirm the

action of the management in adjusting to the Stanhill Consolidated Ltd. account with General Investments & Discounts Pty. Ltd. all amounts owing at the 31st July 1961, to or by the following companies:

Stanhill Consolidated Ltd.
Stanhill Pty. Ltd.
Park Lake Pty. Ltd. 10
Chevron Queensland Ltd.
Chevron Sydney Ltd.
Viking Mills Ltd.
Chevron Pty. Ltd.

PURCHASE OF SHARES FROM SHAREHOLDERS OF J.C. TAYLOR
AND SONS PTY. LTD:

It is recorded that on the 23rd September, 1960, at the request of Stanhill Consolidated Ltd., this Company gave a guarantee to former shareholders of J.C. Taylor and Sons Pty. Ltd. that the said shareholders would receive £1 per share for 25,000 Stanhill Consolidated Ltd. shares. 20

In consideration of giving this guarantee Stanhill Consolidated Ltd. undertook to pay Factors Ltd., a fee of £7,625.

This meeting confirms the Sealing of the document that gave effect to the transaction.

The 25,000 shares were subsequently purchased by Factors Limited on the 13th October, 1960.

SCRIP: 30

The Secretary reported that Certificates for the following securities had been certified by the Auditors and signed and sealed with the Common Seal of the Company:

Ordinary Stock Units

Melbourne Register

694,035 units covered by transfers 12038 - 13683

Sydney Register

20,407 units covered by transfers N824 - N950 40

Preference Shares

516 shares covered by transfers 12379 - 12381,
13413 - 13415

Shares Paid to 3d, per share

103,000 shares covered by transfers 795 - 1043

Non Convertible Notes

44,000 Notes covered by transfers 313 - 366

Convertible Notes

250,279 Notes covered by transfers 2282 - 2443

Debenture Stock

£6,100 Stock covered by transfers 259 - 273

10

Debenture Stock ex. Rockmans Preference shares

£1,900 Stock covered by transfers 33 - 44

SEAL REGISTER:

The Meeting confirmed the use of the Company Seal in respect of items numbered 293 - 300 inclusive in the Seal Register of the Company and authorised the Chairman to sign the Register.

CHEQUES:

Payment of cheques numbered 3598 - 3601 inclusive and totalling £1,786.18.10. was confirmed.

20

READ AND CONFIRMED

V.T. Gladstones
CHAIRMAN

6/12/61

The Waldorf-Astoria

A HILTON HOTEL
NEW YORK 2-2, N. Y.

RECEIVED	6 - NOV 1961	REGISTRATION
DEPT. OF STATE	REF. NO. 512761	E & IL

Dear Jack

I have been delayed here having conferences with the large investment and financial institutions and generally becoming acquainted with their requirements to assist in the financing of the project. I have also had discussions with MS. Stull and National Lead in regard to their participation. It does appear that my original conception as to how to bring the project to the production stage will not satisfy overseas requirements and it is essential that some distinguished American or English Company come in immediately and complete the further development and investigation. I am leaving for London on Wednesday where I am to have conferences with the English Rth. organizations and Questrom Bankers. All these matters can be discussed when I complete my. Reaney and return

Exhibit A46 - Undated letter Hudson to Symons

I arranged wheels here to have the low carbon
pig iron or semi steel refined in order to
determine costs and analyses. It cost a few more
dollars but I considered it essential. There was
only a trace of titanium in the steel and sulphur
was 0.02 and phosphorus of the same order. I
will bring some samples back. I am afraid
I haven't seen anything of New York as have been
fully occupied and conferences. Now here are very
lengthy. I have had a lot of set backs and
disappointments but that I refuse to be content in
trying to organize a project of the size in the
right direction and on the right line. I have some
organizations interested and who will be sending men out
to check and am at present awaiting a decision from
the Board of one organization as to whether they will
bear the cost of completing the second stage themselves
with out foundation of a company at this stage and I do feel
some favorable decision will be made in the next few weeks.
If I succeed I think the Government you should receive
me on a substantial pension. BHP to the big best steel
whenever are yours. Regards Ray.

Exhibit A46 - Undated
letter Hudson to
Symons



STRATEGIC - UDY PROCESSES, INC.

METALLURGICAL RESEARCH AND DEVELOPMENT

SUBSIDIARY OF STRATEGIC MATERIALS CORPORATION

3986 ROYAL AVENUE
NIAGARA FALLS, NEW YORK

BU 5-3191
CABLE: SUPI

[Handwritten scribbles and initials]

16 November 1961

Project 1262-2

5381/61

Mr. E. R. Hudson, Director
Industrial and Mining Investigations, Pty., Ltd.
16 O'Connell Street
Sydney, Australia

Dear Mr. Hudson:

Attached is the promised summary of the 100 KVA smelting demonstration on your Tasmanian ore. Alex Pupulidy has extra copies to distribute as you desire.

To us, this was a most successful demonstration and we hope that you and your associates will be encouraged to continue the project to completion.

Best personal regards,

Sincerely yours

STRATEGIC-UDY PROCESSES, INC.

Murray C. Udy
Vice President - Research

Murray C. Udy:sg

Enc.

Exhibit A41 - Letter
Hudson to Symons,
1521. 16th November, 1961

16 November 1961

SUMMARY - 100 KVA CAMPAIGN ON
TASMANIAN SAVAGE RIVER MAGNETITE ORE

by

L. E. Olds and M. C. Udy

In October 1961 some four and one-half tons of Tasmanian Savage River magnetite ore was smelted in Strategic-Udy's 100 KVA furnace. The objective of this campaign was to demonstrate that, by use of the Strategic-Udy smelting technique, a low carbon pig iron that is low in residual titanium and vanadium could be produced from this ore. why?

The ore for the demonstration was taken from the bulk sample of the adit 8 underground ore having the following analysis:

Fe	-	58.2	S	-	4.95	- ?
SiO ₂	-	3.9	P	-	0.12	
Al ₂ O ₃	-	1.6	TiO ₂	-	0.29	
CaO	-	0.3	Loss on Ignition			
MgO	-	3.1	(1000 C in air)	-	3.64	

The demonstration was in three parts to simulate parts of the integrated Strategic-Udy Process. The first, calcination to remove sulfur, takes place in the upper part (oxidizing zone) of a Strategic-Udy kiln, or may be done in a separate kiln if economics dictate. All the ore to be smelted received this treatment. The second part, prereduction, to remove oxygen and thereby lower furnace power requirements, is done in the lower part (reducing zone) of a Strategic-Udy kiln. Only batches of the ore were so treated in the demonstration, the bulk of the ore being smelted from the cold, unreduced condition. The actual electric furnace smelting was the third part of the demonstration.

STRATEGIC-UDY

Exhibit "A41" - Annexure
to Letter, Hudson to Symons,
1522. 16th November, 1961

This material was calcined to an iron content of 64.33% and a sulfur content of 0.21%. During the calcination it was demonstrated that under optimum kiln conditions, sulfur contents as low as 0.03% could be attained at a kiln temperature of 1050°C.

A separate demonstration was made on the reducibility of the Savage River ore by the Cornwall coal in a rotary kiln. It was shown that over a 50% reduction can be expected with these materials. *excellent!*

The calcined ore was blended with a high titania slag and Savage River country rock (12% iron) to adjust the titania content to 2% and the iron content to represent a 55.5% iron concentrate. *How effective is this?*

The smelting campaign was divided into four series according to the type of metal and slag product produced. Average compositions in each series were as follows (based on weighted averages in metal and composite analyses in slag):

Series	Metal						Slag		
	C	Si	S	P	V	Ti	Fe	V ₂ O ₅	TiO ₂
1	0.76	.026	.29	.13	.06	.003	9.9	3.39	9.38
2	1.73	.14	.26	.14	.06	.006	5.41	1.72	6.25
3	2.02	.20	.23	.15	.28	.024	3.78	1.42	5.92
4	1.98	.24	.22	.14	.29	.018	3.78	2.05	11.57

Series 1 and 2 were made with no additions of country rock or flux in order to concentrate the vanadium in the slag. The Series 2 and 3 heats were made with a lime flux using a lime-silica ratio of 1.4. Iron recoveries were good with 97% of the iron reporting in the metal for the overall campaign.

STRATEGIC STUDY

During the various stages of the campaign three general grades of pig iron were produced with the following analyses:

	C	Si	S	P	V	Ti
(1)	1.0	0.03	0.27	0.13	0.05	<0.01
(2)	1.5	0.25	0.25	0.15	<0.1	<0.02
(3)	2.5	0.45	0.20	0.20	<0.4	<0.05

Although the higher carbon contents were not demonstrated, there should be little difficulty in producing pig irons containing up to 3.5% C. However, the titanium and vanadium contents would, of course, be higher.

In all instances the metal produced in the small scale campaign was low in residual vanadium and titanium and would present no problems in refining. To demonstrate this ease of refining, all of the metal produced in the entire campaign was refined in a three ton oxygen-electric furnace producing a 1030 grade of carbon steel with the following analyses:

C	-	0.30	P	-	.024
Si	-	0.29	Mn	-	.54
S	-	0.04	Ti	-	.002
			V	-	.005

Power and raw materials consumption will be low. On the basis of the data obtained in the small furnace, it is expected that the following will be required to produce one ton of 1½% carbon pig iron: *long short*

3680 lbs. of 55.5% Fe concentrate
1430 lbs. of 51.8% F.C. Cornwall coal
950 lbs. of limestone
less than 1000 KWH

STRATEGIC STUDY

Exhibit "A41" - Annexure
to Letter, Hudson to Symons,
1524. 16th November, 1961

If desired, the slag can be made to contain over 2% V_2O_5 . The exact quantity of slag produced per ton of pig iron will depend on the analyses of the final concentrate selected for smelting.

STRATEGIC-UDY

Exhibit "A41" - Annexure
to Letter, Hudson to Symons,
1525. 16th November, 1961

STEEL INDUSTRY WILL BE ESTABLISHED IN TASMANIA

A STEEL industry based on Savage River iron ore deposits will be established in Tasmania.

This was announced in Hobart yesterday by well-known Australian mining expert Mr. E. R. Hudson, of Sydney.

Mr. Hudson has been granted an exploration licence by the State Government for the Savage River deposits.

Mr. Hudson is managing director of Kathleen Investments (Australia) Ltd., and chairman and managing director of Australasian Oil Exploration Ltd., and is associated with a number of mining companies.

He returned last week from a visit to the United States, where he attended the smelting and refining tests at Niagara Falls of samples of Savage River iron ore, and the United Kingdom.

Yesterday he conferred with the Premier (Mr. Reece).

Mr. Hudson said that development work in the Savage River area had indicated substantial ore reserves.

"Although drilling has been confined mainly to 2½ miles of this 12-mile-long ore body," he said "sufficient reserves have been indicated to satisfy the requirements of an expanding steel industry for the next 100 years.

"The iron ore body is the largest in Australia.

"Satisfactory smelting tests were recently carried out in America, eliminating any technical difficulties associated with the titanium content of the ore.

"The smelting and refining costs were low, and most satisfactory.

"Although further considerable developmental work and technical study must be undertaken, it is apparent from the work done so far that a steel industry will be established in Tasmania in due course.

"The iron ore body is the closest to the industrialised Eastern Coast of Australia that is known."

"Being situated on the coast, with adjacent limestone and Tasmanian coal available, it should allow production of low-cost steel."

Mr. Hudson said that during the next 10 years not only would Australian steel requirements call for double the existing production, but to the north there was arising a large and expanding export market which low-cost Australian steel could and should meet.

"I am satisfied," said Mr. Hudson, "that as a result of discussions I had with financial and steel organisations during my recent visit overseas, no difficulties will arise in obtaining overseas funds to assist in the large capitalisation required for the establishment of such an industry.

"Negotiations are taking place to obtain the assistance of overseas steel organisations in completing developmental work and technical and economic studies."

Mr. Hudson returned to the Mainland yesterday afternoon.

In addition to Mr. Hudson, Mr. W. St. C. Manson, chief chemist and metallurgist of the Tasmanian Mines Department, and Mr. Ridgeway, geologist-in-charge of development work on the Savage River, attended the smelting tests at Niagara Falls.

The Premier said that Mr. Hudson had stated that the tests of the samples had shown that the Savage River iron ore could be successfully processed by the use of electric furnaces.

He had told Mr. Hudson

that he was arranging for some experts from overseas to come to Tasmania to continue investigations.

These would be completed in about 18 months.

Mr. Reece said he was hopeful that it would be the basis of the establishment of a steel industry in Tasmania now that the results of the tests were known.

Exhibit "A42" - Press Report from Mines Department file - 2.12.1961

MINUTES OF A MEETING OF DIRECTORS OF
FACTORS LIMITED HELD AT "STANHILL" 34
QUEENS ROAD, MELBOURNE ON WEDNESDAY
6TH DECEMBER, 1961

DIRECTORS PRESENT:

Mr. V.T. Gladstones (in the Chair)
Messrs. S. Korman, C.R. Daley, I.K. Redpath,
L. Korman, D. Korman and J.C. Carrodus
Mr. E.E. Fookes and the Secretary were also
in attendance. 10

An apology was received from Mr. E.J.K.
Thompson.

MINUTES:

Minutes of Meetings of Directors held on
November 1st and 6th last having been read by the
Directors were confirmed and signed by the Chairman
as a true and correct record.

QUEENSLAND MINES LIMITED:

It was agreed that outstanding matters relat- 20
ing to Queensland Mines Limited be deferred until a
report is received from that Company. It was sug-
gested that it would be necessary to hold a Direc-
tors' Meeting of Queensland Mines Limited to discuss
the following matters:

1. Agreement with Tasmanian Government
relative to permits for development of
the Iron and Steel Industry in Tasmania.
2. Blue Metal Deposits
3. Agreements with Factors Limited and 30
Australian Oil Exploration Limited.

NATIONAL TRUSTEES, EXECUTORS & AGENCY CO. OF
AUSTRALASIA LIMITED DEBENTURE STOCK GUARANTEES:

The Secretary tabled the following corres-
pondence relative to giving of guarantees by Hole-
proof Industries Ltd., and Rockmans Ltd.

1. Letter dated 2nd November, 1961 to
Trustees pointing out that Holeproof Industries
Ltd., was not a fully owned subsidiary and there- 40
fore should not be a party to the Guarantee. In
the case of Rockmans Ltd., it was requested that
the Deed be amended to provide for the release of
any Company ceasing to be a subsidiary company.
2. Letter dated 13/11/61 from Messrs.

Exhibit 105 - Minutes
of Meeting of Factors
Limited, 6.12.61

Gillott, Moir & Ahern, Solicitors for the trustees,
advising they did not accept our views and asking
that Guarantees be completed in fourteen days.

3. Letter dated 27/11/61 to Holeproof
Industries Limited requesting guarantees be completed.

4. Letter dated 30/11/61 from Holeproof
Industries Limited giving reasons why they should 10
not complete guarantee.

Cont.,

1110

5. Letter dated 1/12/61 from Messrs.
Gillott, Moir & Ahern advising if guarantee not re-
ceived in seven days the Trustee will be left with
no alternative but to call a Meeting of Debenture
holders.

The Secretary was instructed to write to
Messrs. Gillott, Moir & Ahern enclosing a copy of 20
the letter from Holeproof Industries Limited and
asking that they give further consideration to the
submission in our letter of 2nd November last.

HOLEPROOF INDUSTRIES LTD, LOAN ACCOUNT:

A letter dated 1st December 1961, from Hole-
proof Industries Ltd., advised that the request for
extension of time for repayment of the Loan to this
Company had been discussed at their meeting of Dir-
ectors on 29th November and that no decision had 30
been reached. In the meantime they would not press
for payment.

It was resolved that the matter be deferred
pending further advises from Holeproof Industries
Limited.

BANK OF NEW ZEALAND:

A letter dated 9/11/61 from the Bank of New
Zealand requested that the overdraft must be re-
duced to £500,000 in one month or an alternative
acceptable proposal submitted.

Mr. Carrodus advised that he had seen 40
Mr. Marchbanks who had suggested that this Company
might be able to obtain more suitable arrangements
from the Commercial Bank of Australia Limited.

It was agreed that Mr. Carrodus should see

Mr. Marchbanks and point out that we could not approach another bank until such time as the Balance Sheet had been completed.

HOLEPROOF INDUSTRIES LIMITED (OF NEW ZEALAND):

The Secretary was instructed to cable Mr. H. Korman requesting that he come to Melbourne at the weekend to present a proposition relative to Holeproof Industries Limited. 10

The meeting then adjourned until 2.15 p.m. on Monday 11th December.

The meeting resumed with Mr. H. Korman also in attendance.

DIRECTORS REPORT:

The Chairman presented a draft form of Directors Report.

After discussion and with several minor amendments it was resolved that the report be printed. 20

Annual Meeting:

It was resolved that the Thirtyseventh Annual general Meeting of the Company be held at the Bamboo Room, Chevron Hotel, on Friday 29th December, 1961.

PREFERENCE DIVIDEND:

It was resolved that a Final Dividend at the rate of £3 per cent per annum be paid in respect of Preference Share Capital. The dividend to be paid on Friday 29th December 1961 and the transfer books close at 12 o'clock noon on Thursday 28th December and reopen at 9 a.m. on Friday 29th December. 30

Cont.,

All

NOTICE TO STOCK EXCHANGE AND PRESS:

It was resolved that a preliminary Notice be forwarded to the Stock Exchange and Press advising results for year, date of Annual Meeting and Declaration of Preference Dividend.

SCRIP:

The Secretary reported that Certificates for the following securities had been certified by the Auditors and signed and Sealed with the Common Seal of the Company.

Ordinary Stock Units
Melbourne Register

10

189,697 units covered by transfers 13684 - 14281

Sydney Register

9,553 units covered by transfers N951 - N1015

Shares paid to 3d. per share

19,000 shares covered by transfers 1097 - 1145

Pure Notes

9,725 Notes covered by transfers 367 - 382

Convertible Notes

3,584 Notes covered by transfers 2444 - 2464

Debenture Stock

20

£8,200 of Stock covered by transfers 274 - 290

SEAL REGISTER:

The meeting confirmed the use of the Company Seal in respect of items numbered 301 - 308 inclusive in the Seal Register of the Company and authorised the Chairman to sign the Register.

CHEQUES:

Payment of cheques numbered 3605 - 3610 inclusive and totalling £2,711. 1. 9. was confirmed.

HOLEPROOF INDUSTRIES LIMITED (NEW ZEALAND):

30

An offer was received from Mr. R. Porter on behalf of a syndicate consisting of himself, Messrs. S. and H. Korman and others for the purchase of the 750,000 issued ordinary shares of £1 each in Holeproof Industries Limited of New Zealand.

At this stage in order that the offer be

Exhibit 105 - Minutes
of Meeting of Factors
Limited, 6.12.61

discussed freely Messrs. S. Korman, H. Korman,
L. Korman and D. Korman left the meeting.

The offer proposed a purchase price of
£1,250,000 Australian Currency payable £10,000 on
acceptance and £490,000 to make a deposit of
£500,000 within three months of consent being ob-
tained from the Reserve Bank of New Zealand. The
Balance to be paid by five equal annual payments.

10

The purchasers also undertake to pay the
amount of the current account of Holeproof Indus-
tries Limited due to Factors Limited by five equal
annual instalments.

A long discussion took place and it was
finally agreed to request that in view of the fact
that no interest is to be paid under the offer that
a further £100,000 be added to the purchase price.

Cont.,

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A112

The meeting then adjourned and was reconvened
for 12 o'clock Tuesday 12th December.

READ AND CONFIRMED

V.T. Gladstones
CHAIRMAN

10/1/62

INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED

m225/2

HL 2632
HW 5526

3RD FLOOR,

16 O'CONNELL STREET,
SYDNEY, AUSTRALIA

21st December, 1961

J.G.Symonds, Esq.,
Director of Mines,
Mines Dept.
HOBART.

Dear Sir,

Following my recent visit to the Savage River, I would like to raise the following matters for your consideration.

I received a cable from the Messina Development Co. indicating that their General Manager and three experts could not arrive until 21st Feb. due to the fact that the documents forwarded to South Africa were delayed and did not come before their Board Meeting until last week.

I am uncertain as to what action I should take in relation to such a late visit, but will advise you early in January as to my decision. ||

It is apparent considerable delays will take place in arranging visits by overseas organisations and subsequently decisions of their Directorates, after reports have been received.

The development work has reached such a stage that within a few months, the only matter for consideration is the capitalisation of an industry through an overseas organisation. ✓

In effect, the first and second stages have now merged and probably with a further expenditure of a hundred thousand pounds, sufficient development work will be accomplished other than, of course, close drilling for mining purposes which can be done at a later stage, to enable a decision to be given in relation to the setting up of a steel industry. ✓

It is not in the best interests, that I be forced, through urgency, to make any quick choice as to which organisation will be the most satisfactory in establishing such industry. It will be necessary to carry out overseas conferences and inspections in Tasmania, all of which is going to take some 8/9 months.

In reviewing the development work, it has become apparent that one of the most important aspects, at this stage, is the completion of the lines of communication to shorten time of inspections and also to expedite completion of the present work being carried out by the Bureau of Mineral Resources and drilling extended as quickly as possible along the southern end to the Rio Tinto anomaly. If this work was completed within the period of the next 8/9 months, it would shorten the period of investigation and

Exhibit "A43" - Letter
Hudson to Symons,

1532.

21st December, 1961

the bringing into operation of the steel industry itself.

At the present time I am unable to make any further decision as to what organisation I might contact, until I receive the detailed report from the Strategic Udy Corporation.

I have made arrangements for the immediate erection of a bridge over the Savage River with Mr. Bonney, Contractor at Burnie, acting under instructions of an Engineer from Haunstropes. Mr. Fagen at the same time will complete the road to the northern anomaly and this work should be finalised some where about the 15th January.

As you are probably aware, a road has been put in some 2/3 miles to the south and I am arranging with Mr. ~~Bonney~~^{FRAN} as soon as the north road is finished, to put a road through to the Rio Tinto anomaly which will enable vehicles to enter at the turn-off and come back on the Corina Rd, on the old Rio Tinto road.

It is apparent now that had an Australian Company been formed as originally anticipated, this would have only caused unnecessary delays.

The development has been so successful and particularly the smelting tests that I feel it is necessary to completely revise mental thinking in regard to bringing the industry into operation.

I feel sure you appreciate I have complied with all the requirements of your Department, but at the present time, in trying to keep up to what was previously indicated as a correct plan, I am trying to force an issue to find a definite overseas organisation interested prior to 24th February which I now believe is not in our best interests.

I consider it advisable that after the Strategic Udy report is received, a reasonable time be allowed me to carry out discussions with another overseas organisation and I would like you to consider a realistic view that I should be given at least a period of one year to allow proper inspections and negotiations to be completed on this major undertaking, during which period development work continues at the same, if not at a faster rate, and in the hope that your Government might approve of this course of action I am trying to arrange the necessary finance to enable me to carry the development work to a definite conclusion and eliminate the intermediary stage.

I believe I can bring the steel industry into existence quicker than any other organisation could do so, by coming into the project at this stage and it is my intention, early in January, to interview you and if necessary, the Premier, asking that more flexibility in regard to time be granted to me.

I have had approaches in reference to putting in an immediate unit to make pig iron from the Savage River ore which could operate as a trial unit over the next 2/3 years whilst the steel industry is coming into operation, suggested capitalisation being some £15 million. My first reaction to this

Exhibit "A43" - Letter
Hudson to Symons,
1533. 21st December, 1961

↓
NB

was complete rejection, but I would like to discuss with you whether this might expedite our final plan. It is rather a new angle to the position and my present thinking is against it.

Wishing you the Compliments of the Season,

Yours faithfully,
INDUSTRIAL & MINING INVESTIGATIONS PTY.LTD'.



Managing Director

MINUTES OF A MEETING OF DIRECTORS OF FACTORS LIMITED
HELD AT "STANHILL" 34 QUEENS ROAD, MELBOURNE, ON
WEDNESDAY, 10th JANUARY, 1962.

DIRECTORS PRESENT :

Mr. V. T. GLADSTONES (in the
Chair)
Messrs. S.Korman and C.R.Daley
Mr. E. E. Fookes and the
Secretary were also in attendance. 10

MINUTES :

Minutes of Meetings of Directors held on
December 6th and 19th last having been read by
the Directors were confirmed and signed by the
Chairman as a true and correct record.

QUEENSLAND MINES LIMITED :

It was agreed that a Meeting of Queensland
Mines Limited Directors should be held at an
early date to discuss outstanding items.

NATIONAL TRUSTEES EXECUTORS & AGENCY COMPANY OF 20
AUSTRALASIA LTD.

The correspondence between the Company
and the Trustees was read and received. It
was left in the hands of the Chairman to
continue the negotiations.

BANK OF NEW ZEALAND :

The Secretary reported that the Bank of
Zealand was still suggesting we should take
the account elsewhere. They had advised that
should we dispose of our assets in New Zealand 30
the whole of the deposit of £500,000. should
be a reduction in the overdraft.

OFFICE ACCOMMODATION :

It was resolved that the whole of the
Company administration should be centered on
the Ground Floor at 505 St.Kilda Road. The
Secretary was instructed to move to this
address as soon as possible.

FACTORS HOUSE :

In view of the fact that Mr. I.K.Redpath had resigned as a Director of the Company it was resolved that the Minute of a Meeting of Directors held on the 21st.June,1961, relating to the sale of Factors House be rescinded.

Mr. Fookes was requested to examine a proposal for the sale of the property for £1,000,000. with repayments spread over ten years, interest free. 10

A.117.

WALTER PERRY HAM & CO - ANSETT TRANSPORT INDUSTRIES LTD.

The Secretary read a letter from Walter P.Ham & Co. requesting redemption of £11,000 of Debenture Stock in the name of Ansett Transport Industries Ltd. 20

It was resolved that if the Debenture application showed that there was no qualification to the issue then Walter P.Ham & Co. should be advised that the Debenture does not mature until September 1968, and the Company must abide by the terms of the issue.

SCRIP :

The Secretary reported that Certificates for the following securities had been certified by the Auditors and signed and sealed with the Common Seal of the Company. 30

ORDINARY STOCK UNITS :

MELBOURNE REGISTER.

98,998 Units covered by transfers 14282 - 14509.

SYDNEY REGISTER.

31,609 Units covered by transfers N1016 - N1046.

SHARES PAID TO 3d. per Share

5,400 Shares covered by transfers 1146 - 1162.

PREFERENCE SHARES

1,900 Shares covered by Transfers 14426P -
14437 P.

PURE NOTES

17,850 Notes covered by transfers 383 - 412.

CONVERTIBLE NOTES

4,337 Notes covered by transfers 2465 - 2489. 10

DEBENTURE STOCK

£9,300 Stock covered by Transfers 291 - 303.

DEBENTURE STOCK EX ROCKMANS PREFERENCE SHARES

£5,100. Stock covered by transfers 45 - 51.

READ AND CONFIRMED

(V T Gladstones)

CHAIRMAN

7/2/62

MINUTES OF A MEETING OF DIRECTORS OF FACTORS LIMITED
HELD AT "STANHILL" 34 QUEENS ROAD, MELBOURNE ON
WEDNESDAY 7th FEBRUARY, 1962.

DIRECTORS PRESENT :

Mr. V. T. Gladstones (in the Chair)
Messrs. C.R.Daley and S.Korman.

Mr. E. E. Fookes and the Secretary
were also in attendance.

MINUTES :

10

Minutes of a Meeting of Directors held on
January 10th last having been read by the Directors
were signed by the Chairman as a true and correct
record.

NATIONAL TRUSTEES EXECUTORS & AGENCY COMPANY OF
AUSTRALASIA LIMITED.

The correspondence between the Company and the
Trustees was read and received.

The Chairman explained, at length, the diffi-
culties facing the Company in living up to the terms
of the Trust Deed.

20

It was agreed that the negotiations be left in
the hands of the Chairman.

HOLEPROOF INDUSTRIES LIMITED - NEW ZEALAND.

The Chairman informed the meeting that the
Trustees were not prepared to give their consent to
the sale of the New Zealand Company.

The Secretary was instructed to cable Mr.
Porter advising that consent could not be obtained
before February 11th and requesting an extension to
April 11th next.

30

QUEENSLAND MINES LIMITED

The Secretary advised that a meeting of
Queensland Mines Limited, which was to have been
held this day, now had to be postponed due to the
inability of Mr.Hudson to attend.

The Secretary was instructed to endeavour to
arrange the meeting for Tuesday next, 13th February.

Exhibit 126 - Minutes
Factors Limited

APPOINTMENT OF GENERAL MANAGER.

It was resolved that Mr. David Korman be appointed General Manager of the Company.

Mr. Korman was then called into the meeting and advised of his appointment.

A. 119.

BANK AUTHORITIES :

10

It was resolved that the cheques of the Company be signed by any two of the Directors, General Manager and Secretary and that the necessary forms be completed and returned to the Bank of New Zealand.

PROPOSED MORTGAGE LOANS :

The Secretary advised that Loans had been arranged as follows :---

FACTORS HOUSE PTY., LTD.

£245,625. on Second Mortgage from CAGA Development Pty. Ltd. at 11% per annum.

20

KINKABOOL PTY., LTD.

£190,692. on First Mortgage from I.A.C. Finance Pty. Ltd. at 12% per annum.

From the proceeds of these loans existing Second and Third Mortgages to I.A.C. Finance Pty. Ltd. on the Factors House property totalling £283,328. with interest at 15% per annum would be repaid.

The loans were approved and it was resolved that Factors Ltd. should guarantee the loans if such guarantee was required.

30

HOLLYWOOD MOTORS PTY., LTD.

The Secretary tabled a report from Mr. Bain relative to an interview he had with Messrs. M. & L. Flinkier of Hollywood Motors Pty. Ltd. who contended that they were not now responsible for losses in respect of Hire Purchase Agreements assigned to Gumbirra Development Pty. Ltd.

There are at present ten repossessions on hand of which four had been assigned.

Hollywood Motors offered to pay out all ten units if we would allow a discount of 25%.

This matter was discussed at length, and it was agreed that this Company would allow a discount of 12½% if the vehicles were paid for immediately. 10

CASH BUDGET :

A schedule showing the anticipated income and expenditure for the next twelve months was tabled and noted.

W.P.HAM & CO - ANSETT-A.N.A. PROVIDENT FUND. :

A further letter from W.P.Ham & Co. dated 6th February 1962 stated that it had been fully acknowledged by the Company that the Debentures would be redeemed at call.

The Secretary was instructed to write to W.P. Ham & Co. and ascertain who had acknowledged the deposit and who had given the verbal advice that the amount would be redeemed. 20

A.120.

TERM DEPOSITS :

A letter from Miss T.M.Murphy requesting early redemption of a deposit was discussed and the Secretary was instructed to inform Miss Murphy that the Company could not vary the terms of issue.

SEAL REGISTER : 30

The meeting confirmed the use of the Company Seal in respect of items numbered 309 - 316 inclusive in the Seal Register of the Company, and authorised the Chairman to sign the register.

SCRIP :

The Secretary reported that Certificates for the following securities had been certified by the Auditors and signed and sealed with the Common Seal of the Company.

ORDINARY STOCK UNITS - MELBOURNE REGISTER.

303,295 units covered by transfers 14510 - 14984.

ORDINARY STOCK UNITS - SYDNEY REGISTER.

20,705 units covered by transfers N.1047 - N,1100.

3d. Paid Shares.

59,600 Shares covered by transfers 1163 - 1228.

Preference Shares

10

400 Shares covered by Transfers 14510P - 14513P.

Pure Notes

794 Notes covered by transfers 413 - 420.

Convertible Notes

4137 Notes covered by transfers 2490 - 2527.

Debenture Stock

£12,600. Stock covered by transfers 303 - 310.

Debenture Stock ex Rockman Preference.

£100. Stock covered by Transfer 52.

CHEQUES :

20

Payment of cheques numbered 3611 - 3836 and totalling £168,889.19.11. was confirmed.

READ AND CONFIRMED

(V T Gladstones)

CHAIRMAN

7/3/62

12th February, 1962.

J.G. Symons, Esq.,
Director of Mines,
Mines Dept.,
HOBART.

Dear Mr. Symons,

I acknowledge receipt of your letter of the 31st ultimo, for which I thank you.

Candidly, I do not pay much attention to Koppers' Report, as they did not expend any great length of time on their appraisal. Koppers only come into the picture as the Construction Authority to safeguard Strategic Udy Materials Corp. who do not hold patent rights over the process and accordingly, Strategic Udy seeks protection for payment by utilising Koppers as the Construction Authority. 10

From my preliminary discussion with Koppers, it became apparent their services would not be utilised at the Savage River. They have no affiliations in Australia and are not in the position to assess Australian costs. Koppers' assessment of constructional costs is based on American costs with the use of American high priced steel and would involve the manufacture of components in the U.S.A. and transportation to Tasmania. 20

My discussions with the British Steel Board and the British Steel Corporation satisfied me generally as to the effectiveness of the Strategic Udy process but I think all the finer details in connection with costing and evaluation can best be done by experts studying the 1,000 k.v.a. unit in Venezuela. A production unit would give more accurate information than a pilot plant operation. 30

Thank you for copy letter from the Consular General for Belgium. I rang the Consulate and they indicated that a large manufacturing and finance group in Belgium were interested in investment in Australia, following the withdrawal from the Congo. I gave Mr. Cooke the necessary details and gathered from him that the main interest was a financial participation. 40

As previously indicated to you, this is likely to be the pattern during the next six months, the

Exhibit 36 - Letter
to Symons 12/2/62

main problem being in dealing with more than one organisation at the same time, in view of the delay factor in obtaining a final decision following investigation.

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LTD.
E.R. HUDSON.

10

MINUTES OF A MEETING OF DIRECTORS OF QUEENSLAND MINES LIMITED HELD AT 505 ST.KILDA ROAD MELBOURNE ON TUESDAY, 13th FEBRUARY, 1962.

DIRECTORS PRESENT :

Messrs. E.R.Hudson, D.Korman and I.K. Redpath.

Mr. V. T. Gladstones was present by invitation and the Secretary was also in attendance.

10

RESIGNATION OF DIRECTOR :

The Meeting accepted the resignation of Mr. I.K.Redpath as Chairman and as a Director of the Company.

APPOINTMENT OF DIRECTOR :

Pursuant to Article 110 of the Articles of Association of the Company Mr. V. T. Gladstones was elected as a Director nominated by Factors Limited.

CHAIRMAN OF DIRECTORS :

Mr. V. T. Gladstones was elected Chairman of Directors of the Company.

20

MINUTES :

Minutes of a Meeting of Directors held on 27th April 1961 were read and confirmed.

MT. ISA. :

Mr. Hudson reported that the Mt.Isa Office had been closed, and that all core boxes had been removed from the site and were now stored in Mt.Isa at a rental of £2. per week.

The Store shed owned by the Company had been sold for £200.

30

The two Landrovers, Jeep and Trailer had been sold and the Diamond Drill Equipment had been made ready for sale.

The houses had not yet been sold due to the recent strike at Mt.Isa.

This report was received and adopted.

Exhibit "E1" - Minutes
Queensland Mines
Limited 13/2/62

Q.23.

SYDNEY OFFICE :

Mr. Hudson advised that the Company had not made any payment for some time towards the cost of maintaining an Office in Sydney.

It was agreed to pay an amount of £7.10.0. per week retrospective to 1st. September, 1961. 10

BLUE METAL :

It was resolved to accept an offer of £2,000. from Australasian Oil Exploration Limited for the purchase of the interest, if any, that Queensland Mines Limited might have in Blue Metal Projects at Southport and Moggill.

LOANS - FACTORS LIMITED and AUSTRALASIAN OIL EXPLORATION LIMITED.

The meeting confirmed that the Loan Agreements with Factors Limited for £16,402.18.0. and Australasian Oil Exploration Limited for £18,616.8.0. should now be completed and the Secretary was instructed to arrange for the documents to be signed and sealed when available. 20

CONSULTANT :

It was resolved that a minute of a meeting of Directors held on 27th April, 1961, relating to the fee payable to Mr. Hudson be rescinded and that the fee commencing 1st. April, 1961, be at the rate of £250. per annum. 30

CONSULTING GEOLOGIST :

Mr. Hudson reported that, as provided in the Minutes of the Meeting of Directors held on the 27th April, 1961, he had terminated the services of Mr. Ridgway as Consulting Geologist as at the 31st. July, 1961.

TASMANIAN IRON ORE :

Mr. Hudson gave a lengthy report on the negotiations that had taken place with the Tasmanian Government with regard to developing Iron Ore Deposits in Tasmania. 40

Exhibit "E1" - Minutes
Queensland Mines
Limited 13/2/62

There was no question of any Promoters Profits in the plan which envisaged the forming of a Company to develop the area.

It was agreed that in view of all the explanations and the large amount of cash that would be required to finance the project, nothing could be gained by pursuing the matter any further.

10

READ AND CONFIRMED

(V T Gladstones)

CHAIRMAN

6/6/62

MINUTES OF A MEETING OF DIRECTORS OF FACTORS LIMITED
HELD AT "STANHILL" 34 QUEENS ROAD, MELBOURNE ON
WEDNESDAY, 7th MARCH, 1962.

DIRECTORS PRESENT :

Mr. V. T. GLADSTONES (in the Chair)

Messrs. S.Korman and C. R. Daley.

The General Manager and Secretary were also in attendance.

An apology was received from Mr. E.J.K. Thompson. 10

MINUTES - ANNUAL MEETING.

The Minutes of the Annual Meeting held on 29th December last were read by the Directors and signed by the Chairman as a true and correct record.

MINUTES :

Minutes of a Meeting of Directors held on the 7th February last having been read by the Directors were signed by the Chairman as a true and correct record. 20

NATIONAL TRUSTEES, EXECUTORS & AGENCY COMPANY OF AUSTRALASIA LIMITED.

The correspondence between the Company and the Trustees since the last Meeting was read and received.

QUEENSLAND MINES LIMITED :

The Secretary reported that a Meeting had been held with Mr.Hudson and that Mr.Gladstones was now Chairman of Directors following the resignation of Mr. Redpath.

The Company was working on a very limited budget, and Mr.Hudson was endeavouring to dispose of the Assets. 30

Mr. Hudson had reported on the Tasmanian Iron Ore negotiations and he had indicated that it did not seem likely that there would be any promoter's profit in the development.

W.P.HAM & CO - ANSETT-A.N.A. PROVIDENT FUND.

A further letter from Walter P. Ham & Co. requesting redemption of £11,000. was considered and the Secretary was instructed to write and advise that the Company did not consider itself obligated to make the redemption. 10

A.122.

STANHILL CONSOLIDATED LTD.

A general discussion took place with regard to the position of Stanhill Consolidated Ltd. It was agreed that a Meeting of Directors should be called prior to the Shareholders Meeting of Stanhill Consolidated Ltd. to decide what course this Company should take. 20

In the meantime Mr. Gladstones was authorised to confer with Mr. Korman on any possible proposals.

AUSTRALIAN FACTORS LIMITED :

A letter from Oswald Burt & Co. dated 1st. March, 1962, advised of an application by Australian Factors Ltd. for permission to register a Company named "Australian Factors (Victoria) Ltd.

It was resolved that the application be refused as it was considered that the name was too similar to our own Company. 30

DEBENTURE STOCK REDEMPTIONS :

The Secretary reported that he had received several applications for the early redemption of Debenture Stock.

It was resolved that the applicants be advised that the Company was not at present prepared to make redemptions prior to the due date.

SEAL REGISTER :

The Meeting confirmed the use of the Company Seal in respect of items numbered 317 - 319 inclusive in the Seal Transfer of the Company and authorised the Chairman to sign the Register. 10

SCRIP :

The Secretary reported that Certificates for the following Securities had been certified by the Auditors and signed and sealed with the Common Seal of the Company. ----

ORDINARY STOCK UNITS - MELBOURNE REGISTER

157,927 Units covered by Transfers 14955 - 15427.

ORDINARY STOCK UNITS - SYDNEY REGISTER.

10,481 Units covered by Transfers N.1101 - N.1164. 20

SHARES PAID TO 3d. PER SHARE

81,900 Shares covered by Transfers 1229 - 1273.

PREFERENCE SHARES.

400 Shares covered by Transfers 15141P - 15142P.

PURE NOTES

2,000 Notes covered by Transfers 421 - 436.

CONVERTIBLE NOTES :

76,900 Notes covered by transfers 2528 - 2544.

DEBENTURE STOCK

£900. Stock covered by Transfers 311 - 313. 30

DEBENTURE STOCK ex ROCKMAN PREFERENCE

£500. Stock covered by transfer 53.

CHEQUES :

Payment of Cheques numbered 3837 - 3949 and
totalling £129,427. 7..7. was confirmed.

READ AND CONFIRMED

(V T Gladstones)

CHAIRMAN

10

4/4/62

126
P3



2/2

Department of Mines, Tasmania

Hobart, 19th March, 1962

TELEPHONES:

Administration and Accounts	} Hobart 2 4041 - 2 2 lines.
Mines Inspection	
Explosives and Inflammable Liquids	
Geological Survey	
Assaying and Metallurgical ResearchLaunceston 4 2431	

Mr. E. R. Hudson,
 Industrial and Mining Investigations Pty. Ltd.,
 16 O'Connell Street,
SYDNEY
 N.S.W.

Dear Sir,

Exploration Licence EL5/61

I enclose Exploration Licence EL5/61 upon which the Minister has endorsed an extension until 24th August, 1962.

You advised that it was your intention to transfer this licence. I have had no notification of the registration of your Company as a foreign company in this State, and it is suggested that you might expedite the registration and the transfer.

A form is attached.

Yours faithfully,

(J.G. Symons)
DIRECTOR OF MINES

15th August, 1962.

12.33 P.34

1551. Exhibit 37 - Copy
letter Symons to Hudson,
19th March, 1962

20th March, 1962

The Secretary,
Dubar Trading Pty. Ltd.,
66 Clarence Street,
SYDNEY. N.S.W.

Dear Sir,

This is to acknowledge receipt of the sum of
Two Thousand Five Hundred Pounds in full settlement
of all interest of this Company and of Factors
Limited and the Stanhill Group, in Iron Ore Deposits 10
in Tasmania known as Savage River and Bligh River.

Yours faithfully,

QUEENSLAND MINES LIMITED

W.D. Phillips

W.D. PHILLIPS
SECRETARY.

Stamp

Exhibit 27 - Letter
Queensland Mines to
1552. Dubar Trading, 20.3.1962

UBAR TRADING PTY. LTD.

25

66 CLARENCE STREET, SYDNEY, AUSTRALIA • G.P.O. BOX No. 4967, SYDNEY

TELEPHONES: 29-6531, 29-7163
TELEGRAMS & CABLES: "DUBAR", SYDNEY
TELEX: SYD. 555

22nd March, 1962.

F. ... Hudson Esq.,
C/- Industrial & Mining Investigations Pty. Ltd.,
16 O'Connell Street,
SYDNEY

Dear Mr. Hudson,

As you know I telephoned your office yesterday in an endeavour to make an appointment but was informed that you would be unable to see Mr. Duval for some days.

Mr. Duval will be leaving Australia again next week and it is therefore now urgent that we attempt to come to finality on the matter.

We reiterate our view that we already hold a 50% interest in the various Tasmanian ventures - that is to say not only in the Blythe River but also in the Savage River. You have told us that you agree that we have a 50% interest in the Blythe River but you dispute our claim in relation to the Savage.

We do not desire to have any legal disagreement on the matter and whatever the position may be Mr. Duval would very much prefer to conclude an amicable arrangement with you.

To demonstrate our good faith in this regard we have obtained a release of the interests (if any) of Queensland Mines Limited, Factors Limited, and the Stanhill Group and have paid the sum of £2,500 for this release. A copy of the letter of release is herewith. You will no doubt say that these people had no interest to be released but you will probably agree that it is a form of complication which is better removed. Certainly the Tasmanian authorities had notice from Stanhill of some alleged claim and it will clear the air so far as they are concerned.

We can assure you that Mr. Duval is in a position to make immediate arrangements for the detailed examination of the areas without further expense to you and that if those examinations prove satisfactory the overseas interests concerned can, from their own resources, provide for the total capitalisation required.

Basically that is the proposal we make, and if the programme goes through to the end result the consideration available to the vendors would be shared equally. That is, after recoupment of expenses, any share participation or royalty received would belong to you and us (or our respective nominees) in equal shares. The terms of any such deal would be as mutually decided when the time comes.

1.

/The details

Exhibit 27 - Letter
Dubar Trading Pty. Ltd.,
to Hudson, 22nd March, 1962

1553.

E. R. Hudson Esq

22nd March, 1962

The details of how this is set up are open for discussion although it is our view that the best method would be to set up a small pilot company and that this company should hold the leases or other rights granted from time to time.

We are prepared to provide in any arrangement that if the proposition is rejected by the overseas interests the leases and other mining interests for both the Blythe and the Savage would be returned to you free of expense.

We feel certain that the suggested arrangements are to our mutual advantage and particularly point out that if we can solve our present problems the overseas investigation will commence almost immediately.

We do hope that you will give the proposals your most serious consideration, and we shall look forward to hearing from you in the next day or so.

Yours faithfully,
DUBAR TRADING PTY. LIMITED



Managing Director

26th March, 1962.

Messrs Dubar Trading Pty. Ltd.,
66 Clarence Street,
SYDNEY.

Dear Sirs,

I refer to monies repayable to you, following our August discussions and which your Mr. Duval was kind enough to suggest that I did not repay until after my return from overseas.

I have since discussed the matter with Mr. Barrell and asked if there was any objection to postponing repayment for the time being, pending sale of certain assets. 10

I regret there has been a delay in repayment of the amount and enclose herewith cheque for £15,000 less expenditure, as set out in the annexed attachment which your Mr. Barrell can discuss with me at his convenience.

I would mention that in regard to the Jeep, it is not now necessary in view of the fact that a road has been made to the Blythe and same can be sold and I am willing to purchase same for the price it was originally purchased. 20

In regard to the amount of Workers Compensation Insurance, practically the whole of this will become refundable on filing a declaration of wages at the expiration of twelve months.

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LTD. 30

27th March, 1962

Managing Director,
Dubar Trading Pty.Ltd.,
66 Clarence Street,
SYDNEY.

Dear Sir,

I acknowledge receipt of your letter of the 26th instant and I deny the statements contained therein.

You would appear to be under a misapprehension, as the only expenditure submitted was in relation to the Blythe River, amounting to the sum of £2,347.4.6. and accordingly I return cheque for £12,652.15. 6. 10

As previously indicated, I am prepared to discuss with you the question of the Blythe River, but consider it desirable that Mr. Duval be present, if this is possible. The arrangements were made with Mr. Duval and I feel that he should be present at any interview.

Would you advise when he is likely to return, so that a conference can be arranged. 20

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY.LTD.

E. R. Hudson

D U B A R T R A D I N G P T Y . L T D .

66 CLARENCE STREET, SYDNEY, AUSTRALIA . G.P.O. BOX
NO. 4967, SYDNEY

TELEPHONES: 29-6531, 29-7163
TELEGRAMS & CABLES: "DUBAR", SYDNEY
TELEX: SYD. 555

28th March, 1962.

E. R. Hudson Esq.,
C/- Industrial & Mining Investigations
Pty. Limited,
16 O'Connell Street,
SYDNEY.

10

Dear Mr. Hudson,

We have your letter of 27th March with cheque enclosed.

We repeat our assertion that you are under no liability to return this cheque and that it represents approved expenditure on the joint venture.

It is, of course, futile for the cheque to be passed backwards and forwards and we have therefore, passed it on to the Company's solicitors Messrs Murphy & Moloney to be held by them in their trust account on your behalf.

20

It is available to you whenever you desire it and as already advised if you have any other items of expenditure to submit we will deal with them pursuant to the document of May 1961.

We again repeat that we have a half interest in both areas - the Blythe and the Savage.

Mr. Duval believes that he will be able to return to Australia in about three weeks time and we will be in touch with you then.

30

Yours faithfully,
DUBAR TRADING PTY. LIMITED

Signed

Managing Director

Exhibit 28 - Letter
to E.R. Hudson
28/3/62

1557.

29th March, 1962.

The Managing Director,
Dubar Trading Pty. Ltd.,
66 Clarence Street,
SYDNEY.

Dear Sir,

I acknowledge receipt of your letter of 28th instant.

The manner in which you deal with the cheque forwarded is one for yourself.

10

Messrs. Murphy & Moloney are your Solicitors and have no authority to receive or hold any monies on my behalf.

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LTD.

E. R. Hudson
(Managing Director)

MURPHY & MOLONEY

SOLICITORS

79 ELIZABETH STREET
(2 DOORS NORTH OF KING STREET)
SYDNEY

TELEGRAPHIC & CABLE ADDRESS

"MURMOL," SYDNEY

TELEPHONES

BW 8771 (15 LINES)
BW 8291 (13 LINES)
BW 3627

JOHN ONEILL
GERALD WELLS
D M MORGAN
ASSOCIATES
F J BARKER
J J INGLIS

PLEASE QUOTE
GW:JH

30th March 1962.

Mr. E.R. Hudson,
C/- Industrial & Mining Investigations Pty. Ltd.,
16 O'Connell Street,
SYDNEY.

Dear Sir,

We have received from Duber Trading Pty. Ltd.
a cheque drawn by you for £12,652.15.6 which we have
placed in our trust account on your behalf.

Our receipt is herewith.

Yours faithfully,

Encl. (Ret)

MURPHY & MOLONEY
SOLICITORS

79 Elizabeth Street No 8200

Sydney 30 3 1962

Received from Duber Trading Pty. Ltd. Cheque drawn by E. R. Hudson
the sum of Twelve Thousand Six Hundred & Fifty Two
Pounds 15/6

being held in trust at disposal of
E R Hudson

A/c E. R. Hudson

RE 7/11



MURPHY & MOLONEY

PER S. J. [Signature]
TRUST ACCOUNT

£12,652.15.6

Exhibit 28 - Letter
Murphy & Moloney to
Hudson, 30th March, 1962
1559.

C
O
P
Y

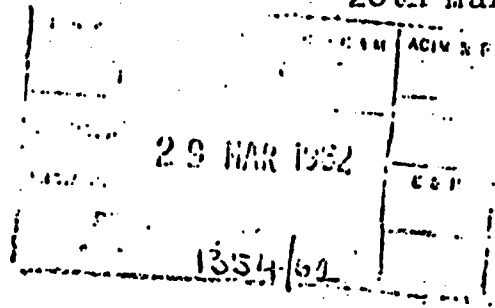
DUVAL HOLDINGS PTY. LTD.

1560

66 Clarence Street,
SYDNEY.

26th March, 1962.

The Hon. Eric Reece,
Premier of Tasmania,
Premier's Department,
HOBART, Tas.



Dear Mr. Premier,

I sent you a telegram today to advise you that Mr. Frank Duval had to return to Tokyo unexpectedly on Sunday after we had advised your office on Friday last that he wished to meet you this week.

He desires me to apologise for his inability to see you on this occasion.

Mr. Duval has had confirmation from his overseas associates that they are most anxious to proceed with the development plan I outlined to you. We are expecting him back in Australia in about three weeks time and we will communicate with you again seeking a further appointment.

In the meantime I wish you to know that we are making progress in resolving the problems which we discussed with you.

We have concluded discussions with Mr. V.T. Gladstone (F.C.A.) who is the new Chairman of Factors Limited and who represented Queensland Mines, The Stanhill Group and Stanley Korman on the matters in question.

Mr. Gladstone made it clear to us that Stanley Korman claimed that Mr. E.R. Hudson was employed by and acting for his group of companies.

We were given the expenditure incurred by the Stanhill Group on their Tasmanian Iron ore investigations and also the report of the meeting which Mr. Korman and Sir John Macauley had with yourself, the Attorney-General and the Director of Mines, in October, 1961.

To us this evidence which supported Mr. Gladstone's statements, clearly indicated that "Korman Group" had some moral if not legal claim to consideration in the issue of any mining lease contingent on the rights of the exploration licence held by Mr. Hudson.

Exhibit 29 - Copy Letter
Duval Holdings Pty. Ltd.,
1560. to Premier of Tasmania

*Encl. not
written*

Mr. Gladstone, who had discussed this matter with Mr. Korman prior to our meeting with him, said that he would give a complete clearance to us from the Korman Group of Companies and Mr. Korman personally, of all claims and rights to further interest in the Savage River by the payment by us of a sum of money considered to be equivalent to the expenses incurred by them on the Tasmanian iron ore investigations.

We accepted this offer by Mr. Gladstone acting for the Korman Group and for Mr. Korman personally and paid our cheque in exchange for the clearance documents.

We have had discussions with Mr. Hudson and intend to have further talks with him in Mr. Duval's absence in accordance with our express desire to come quickly to a negotiated settlement of our differences.

As stated previously Mr. Duval is expected back in Australia in about three weeks time when he hopes to place before you his proposals in the light of the results of our discussions with Mr. Hudson.

Mr. Duval also intends to place before you credentials of his overseas principals who are prepared to develop both areas, the Savage River and the Blythe River, immediately with a view to establishing very large industries in Tasmania.

Yours sincerely,

DUVAL HOLDINGS PTY. LTD.

(S.B. Dickinson,)

Technical Director.

MINUTES of a MEETING of DIRECTORS of FACTORS LIMITED
held at "STANHILL" 34 Queens Road, Melbourne on
WEDNESDAY, 4th APRIL, 1962.

DIRECTORS PRESENT :

Mr. V. T. Gladstones (in the Chair)

Messrs. C. R. Daley, H. Korman and S. Korman.

The General Manager and Secretary were also in attendance.

An apology was received from Mr. E. J. K. Thompson.

10

MINUTES :

Minutes of Meetings of Directors held on March 7th, 21st, and 26th last having been read by the Directors were signed by the Chairman as a true and correct record.

NATIONAL TRUSTEES EXECUTORS & AGENCY COMPANY OF AUSTRALASIA LIMITED.

The Secretary reported that notices had been served by the Trustees requiring rectification of the breaches of the Trust Deeds within fourteen days under the Debenture Deed, and thirty days under the Note Deeds.

20

It was resolved that legal advice should be sought as to the form of reply to be made to the Trustees.

SYDNEY MORNING HERALD.

Mr. Korman referred to an article in the Sydney Morning Herald of the 3rd. April.

It was resolved that this Company should seek Counsel opinion as to whether we have any case for

30

action against the Sydney Morning Herald, and, if we have a case, then legal action should be taken.

QUEENSLAND MINES LIMITED 1

The Chairman reported that on behalf of Queensland Mines Limited he had accepted an amount of £2,500. from Duval Holdings Ltd. as purchase of the interests of the Company in the Tasmanian Iron Ore Deposits. 10

It was resolved that the action of the Chairman in relation to this matter be confirmed.

A. 128.

STANHILL CONSOLIDATED LIMITED - SHAREHOLDERS' MEETING :

It was resolved that the resolution of 21st. March appointing Mr. V.T.Gladstones as Official Representative of the Company be rescinded.

It was resolved that Mr. V.T.Gladstones, or failing him Mr. C. R. Daley, be appointed the Official Representative of the Company for the purpose of attending the Meeting of Shareholders of Stanhill Consolidated Limited to be held on the 11th April, 1962, and that the document of appointment be sealed with the Common Seal of the Company. 20

SHARES IN STANHILL CONSOLIDATED LIMITED :

It was resolved that 2,000 Ordinary Shares held by each of Messrs. A.A.Laurence and R.C.Proctor as Nominees for Factors Limited be transferred to Factors Limited. 30

It was further resolved that the forms of transfer held be completed by the Company as Transferee.

PROPOSAL TO LEASE CHEVRON HILTON HOTEL, SYDNEY. :

The Chairman reported that with Messrs. S. Korman and C.R.Daley he had visited Sydney and had made an examination of the proposal to lease the Chevron Hilton Hotel.

It had been agreed that the proposal was not a proposition for Factors Limited.

10

HOLEPROOF INDUSTRIES LTD - NEW ZEALAND.

As it was not possible to proceed with the sale of Holeproof Industries Ltd, the Secretary was instructed to arrange for the repayment of the £10,000. deposit held.

WALTER P.HAM - ANSETT-A.N.A. - PROVIDENT FUND:

The Secretary read a letter from Walter P.Ham & Co. relative to repayment of £11,000. of Debenture Stock in which they stated that Mr.Carrodus had confirmed that he had made an arrangement for the repayment.

20

The Secretary was instructed not to give any reply to the letter without reference to the Chairman, and, in the meantime, he should endeavour to obtain the facts from Mr.Carrodus.

A. 129.

SCRIP :

The Secretary reported that Certificates for the following Securities had been certified by the Auditors, and signed and sealed with the Common Seal of the Company,

30

ORDINARY STOCK UNITS - MELBOURNE REGISTER.

105,674. Units covered by Transfers 15,428 -
15,734.

1564.

ORDINARY STOCK UNITS - SYDNEY REGISTER.

19,463 Units covered by Transfers N.1165 -
N.1210.

PURE NOTES

878 Notes Covered by Transfers 437 - 442.

CONVERTIBLE NOTES

3,250 Notes covered by Transfers 2545 - 2560. 10

DEBENTURE STOCK ex Rockmans Preference.

£600. Stock covered by Transfers 54 - 56.

DEBENTURE STOCK

£7,300. Stock covered by Transfers 314 - 320.

CHEQUES :

Payment of cheques numbered 3950 - 4044
inclusive and totalling £27,832.6.6. was confirmed.

READ AND CONFIRMED

(V T Gladstones)

CHAIRMAN

20

2/5/62

DES ATALIERS ET FORGES DE LA LOIRE
12, RUE DE LA ROCHEFOUCAULD - PARIS

LE DIRECTEUR GENERAL

PARIS, le April 24th, 1962

HM/amj

Mr. E.R. HUDSON

INDUSTRIAL and MINING
INVESTIGATIONS Pry.Ltd.

BY AIR MAIL

160. Connel Sy

10

SYDNEY

Australia.-

Dear Mr. Hudson,

Mr. R. Vandange sent me copy of your letter dated 23rd January and of the two attached reports concerning your plans for the development of the Savage River iron ore.

We have taken good note of its content and are awaiting with interest the more complete " Progress Report ".

20

In the meantime we can only raise the following questions :

a) May we get a complete analysis of the ore? We later received, through M.M. Ballot, a sample which has been analyzed over here. It does not fit with what we have read in your reports as you may see on the hereby enclosed copy. The phosphorus content is rather high, while copper and titanium are absent, though the report mentioned the presence of chalcopyrite, ilmenite and rutile.

30

b) What is the size of the deposit ?
What is the tonnage known to exist, without doubt ?

c) The report states that the ilmenite is much more abundant than the rutile, and is remains, for the greater part, in the magnet..rate. A

/...

2.-

little further on however, the report states that titanium is abundantly present in the form of rutile and constitutes segregations in the magnetite and that upon enrichment, the greater part of the titanium passes into the non-magnetic residue.

We would like to know the ilmenite and rutile contents in the ore. 10

= =

We feel that it would be wiser to develop the Savage River ore deposit in successive stages : first delivering the crude ore - then crushing and enriching the ore and pelletizing the concentrate - then perhaps reducing the pellets to iron - and lastly producing pig iron and steel.

The different stages must however be studied from the start and our Company would like to cooperate to the studies both technically and financially if the informations we receive later on from you appear as sufficiently promising. 20

We shall get the technical cooperation of the French Iron and Steel Research Institute (IRSID).

If the titanium content of your ore is high and if it is not brought to traces by the magnetic separation, the use of the Stragetic Udy process may well bring a solution to the ore treatment problem but other processes must be also considered. 30

We cannot say more before having received detailed information about your ore. As soon we get this information we will consider the possibility of sending one of our technicians to Tasmanie.

Sincerely yours, 40

Signed

24/4/1962

Echantillon minerai de Tasmanie

N° Labo	21.243	
Repere	Tasmanie	
SiO ₂	11,50	
Al ₂ O ₃	0,15	
CaO	∟ 0,10	
MgO	∟ 0,10	
Fe	61,00	
Fe ⁺⁺⁺	60,35	10
Fe ₂ O ₃	86,30	
Fe ⁺⁺	0,65	
FeO	0,84	
Mn	0	
MnO	0	
P ₂ O ₅	0,40	
CO ₂	0,20	
H ₂ O	0,70	
S	0	
Cu	0	20
Ti	0	
V	traces (0,0001)	

MINUTES OF A MEETING OF DIRECTORS OF QUEENSLAND MINES LIMITED HELD AT 505 ST.KILDA ROAD, MELBOURNE, ON 6th JUNE, 1962.

DIRECTORS PRESENT :

Mr. V. T. Gladstones (in the Chair) and
Mr. D. Korman.

MINUTES :

Minutes of a Meeting of Directors held on the 13th February last were read and confirmed. 10

BLUE METAL :

The sale of the Blue Metal Leases to Australian Oil Exploration Limited was confirmed and the documents relating thereto were signed and sealed with the Common Seal of the Company.

LOANS : FACTORS LIMITED and AUSTRALIAN OIL EXPLORATION LTD.

The Agreements for the Loans from Factors Limited (£16,402.18.0.) and Australian Oil Exploration Limited (£18,616.8.0.) were signed and sealed with the Common Seal of the Company. 20

MINERS HOMESTEAD PERPETUAL LEASE NO.3902.

The Secretary reported that the home on the above lease at Mt. Isa had been sold for £2,575.

The form of transfer of the land was signed and sealed with the Common Seal of the Company.

TRANSFER OF SHARES :

It was resolved that the transfer of the following shares be recorded - -

Exhibit "E2" - Minutes
Queensland Mines
Limited 6/6/62

Share Number	4	from	W.H.McCulloch	to	W.D. Phillips
"	"	5	"	V. Buick	" " "
S"	"	6	"	E. Hunter	" " "
"	"	7	"	E. Pratt	" " "

READ AND CONFIRMED

(V T Gladstones)

CHAIRMAN.

17/4/63

26th June, 1962.

Mr. J.G. Symons,
Director of Mines,
Mines Dept.,
HOBART, TASMANIA.

Dear Mr. Symons,

We enclose herewith copy of Drilling Report of
the week ending Friday 9th February, 1962 which was
mislaidd at the time.

10

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LTD.

Encl.

Managing Director.

20th March, 1963.

Mr. J.G. Symons,
Director of Mines,
Mines Department,
HOBART. TASMANIA.

Dear Mr. Symons,

Enclosed herewith please find Weekly Drilling
Reports from Associated Diamond Drillers Pty. Ltd.,
from week ending 1st February to 1st March, 1963 for 10
your information.

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LTD.

Encl.

E.R. Hudson.
Managing Director.

26th March, 1963.

Mr. J.G. Symons,
Director of Mines,
MINES DEPARTMENT
HOBART, TASMANIA.

Dear Mr. Symons,

Enclosed herewith find Drilling Reports for
your information.

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LTD.

10

Encl.

E.R. Hudson.
Managing Director.

8th April, 1963.

J.G. Symons, Esq.,
Director of Mines,
Department of Mines,
HOBART. Tas.

Dear Mr. Symons,

Enclosed herewith please find Weekly Drilling
Report for your information.

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LIMITED

10

E.R. Hudson
Managing Director.

Enc. dated 5/4/63

18th April, 1963.

J.G. Symons, Esq.,
Director of Mines,
Department of Mines,
G.P.O. Box 124 B,
HOBART. TAS.

Dear Mr. Symons,

Enclosed please find Weekly Drilling Report
of Associated Diamond Drillers Pty. Ltd.

10

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LIMITED

E.R. Hudson
Managing Director.

W/E Fri 12/4/63

23rd April, 1963.

Mr. J.G. Symons,
Director of Mines,
Department of Mines,
HOBART, TASMANIA.

Dear Sir,

SAVAGE RIVER.

Enclosed herewith please find Weekly Drilling
Report for your information.

10

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LTD.

Encl.

E.R. Hudson,
Managing Director.

27th June, 1962.

Mr. J. G. Symons,
 Director of Mines,
 Mines Department,
H O B A R T, TAS.

Dear Sir,

During my visit to the Savage River last week Drill 16 was stopped as it had completed its hole and an inspection was made with a view to shifting the drill to a site recently prepared north of the Savage River. 10

The district has had heavy rain even on its standards, as a result of which roads are impassable, and although the bridge has withstood the flooding of the Savage River there has been a substantial landslide across the road between the bridge and No. 17 Drill site, making it impossible to remove the drill thereto. Mr. Fagan, who was present, indicated he could not use a tractor to clear the landslide for approximately two to three months, depending on the weather. 20

Instructions were given to remove the drill from No. 16 site to the drill shed or other suitable adjacent site pending further instructions. It is estimated it will take ten days to remove the drill from its existing site and in the interim it is desired to come to a decision as to whether to suspend drilling until the drilling plan can be proceeded with on the northern area. The alternative is to see if the drill could economically be utilised in the interim to assist in the overall plan having regard to the present stage of development. 30

Mr. J. G. Symons. 2. 27th June, 1962.

Two possibilities arise:-

- (a) To shift the drill to the Rio Tinto area; and
- (b) to put a drill hole in between the existing drill holes.

In regard to (a), discussions with the drillers and drilling company indicate that they are not 40

particularly interested in shifting the drill to the Rio Tinto area because of weather difficulties and the cost of its temporary shifting and return.

In regard to (b), it would be possible to clear a site somewhere adjacent to where the road is metalled to drill between existing drill holes. My own view however is that the economic advantage arising therefrom at this stage of development by one closer drill hole is not justified and that it would be best to keep to the overall drill plan rather than break into it with one drill hole which could not be of any material assistance. Closer drilling will need to be done under an extensive plan with the utilisation of a number of drills and this is a matter for the second phase of the development of the area and not of the initial phase. 10

I am appreciative that I am obliged to continue drilling under the licence and everything has been done, including the preparation of the site, to enable same to be maintained, but it does seem that at this stage one should accept the position brought about by the weather and suspend drilling until the initial plan can be continued. I would mention that the suspension of drilling for a short period does not mean that I would not have complied with the conditions of the licence from a financial point of view, as the cost of putting in roads and other work to enable the completion of the geophysical work and the erection of a bridge and general roadwork during the period of the present renewal of the licence has been greater than the cost of approximately three drill holes. 20 30

The position has now arisen where I have decided to capitalise the future development work and am arranging for the formation of a private company with placement of shares to enable at least another £200,000 to be spent if necessary during the period while negotiations are proceeding to interest an overseas steel organisation with the necessary capitalisation. 40

The developmental work to date has established sufficient ore reserves to interest and justify an overseas organisation taking an interest with a view to the establishment of the steel industry but there are difficulties attendant in negotiations, the major one being in finding an organisation competent and capable to undertake the development of a steel industry which as a matter of policy is prepared to 50

invest to such a heavy extent in Australia rather than in the extension of development of their industry in their own country.

Mr. J.G. Symons.

3.

27th June, 1962.

The determination of such a policy followed by a necessary investigation will have considerable delays but it is essential that development work continues throughout this period.

10

There is one matter which will require a reconsideration in relation to the timing and development of the industry and that is availability of power.

Initially there was sufficient available power to enable the industry to be commenced at a low production rate and my reports to the Compagnie des Ateliers et Forges de la Loire, with whom negotiations are now taking place, indicated this was the position, but my further enquiries into the availability of power indicate that there has been a considerable change during the last twelve months and that any availability of power will now be taken by Bell Bay in its expansion programme, leaving the establishment of a steel industry dependent upon the completion of the Pieman River hydro-electric scheme.

20

It is essential that some determination of the availability of power should be made as early as possible, because if my impression is correct then the planning of the industry may have to undergo considerable change and it may be necessary to develop the industry into three stages -

30

- (a) An export of iron ore if this is possible having regard to the Titanium content, involving the development of harbour facilities for a short period of two to three years;
- (b) when power is available, the erection of appropriate plant to convert the ore into pig iron for a further short period; during
- (c) installation and construction of an integrated steel industry.

40

The view expressed by the above company, without knowledge at present that there probably is no available power, indicated that they felt that an industry at this stage should proceed through these three phases.

You appreciate my thinking in regard to the matter, and one has to resist the many organisations who would show an interest from an export point of view only, but it may be necessary to revise these views provided the short term export of iron ore is part of the planning for the erection of an integrated steel industry.

I have indicated some of the matters that I desire to discuss at my next visit in order to allow you sufficient time to consider same, so that some final decision can be made during my visit. 10

I would further mention that it may be necessary when capitalising the further development by an amount of £200-250,000 to obtain some better title than a prospecting area and I further desire to discuss the issuing of a special lease over the area, containing any special provisions which may protect your State in seeing that these deposits are utilised to their most economic advantage. 20

Mr. J. G. Symons. 4. 27th June, 1962.

The completion of the geophysical report by the Bureau of Mineral Resources was regarded by me as a matter of the utmost importance and greater than the value of drilling, and it was for this reason that I did everything possible to assist in expediting completion of this work.

I am satisfied when available this report will materially assist me in interesting an outside organisation. 30

I am now of the opinion that development work should be directed to the investigation and costing of port facilities rather than drillings, but appreciate these are not your views.

I desire however to discuss possible assistance by your Public Works Department as well as the other matters raised in this letter with your Minister.

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LTD. 40

(Init.)

E. R. Hudson,
MANAGING DIRECTOR.

15th August, 1962.

The Director of Mines,
Department of Mines,
HOBART, TASMANIA.

Dear Sir,

EXPLORATION LICENCE NO. EL4/61
" " " EL5/61

I desire to make application for extention of term of the abovementioned Exploration Licences.

I enclose Licences for endorsment.

10

I also enclose details of expenditure incurred since 24th February last.

It would be appreciated if the extention of the licences could be granted on the same conditions as the prior extention.

Reference to your enquiry as to the list of expenditure to August 1961. I enclose a copy of Statement forwarded to you under cover of my letter of the 18th August, 1961.

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY. LTD.

20

Encl.

E.R. Hudson.

Original Licences sent for endorsment,
Registered Post.

DETAILS OF EXPENDITURE

Drilling	10,756. 0. 0	
Traverses	4,937. 2. 6	
Roads & Communications	4,851. 0. 0	
Clearing	418. 2. 6	
Geological Fees	2,351. 2. 0	
Fuse and Powder	56.12. 0	
Lease fees	52. 7. 0	
Transport at Lease	172.15. 0	
Insurance	78.11. 3	10
Analysis	31.19. 0	
Registration Fees	10.19. 0	
Telephone	206. 0. 2	
Publications	3. 6. 3	
Accommodation & Travelling Expenses	287.10.11	
Air Travel	373.11. 6	
Printing	360. 0. 0	
Office, Petty Cash & Sundries.	276. 0. 0	
	£ 25,617. 4. 1	

The above does not include any indirect charges. 20

16th August, 1962.

DETAILS OF EXPENDITURE.

Geological Fees and Wages	£ 2,736.17. 5	
Diamond Drilling	6,178. 4.10	
Roads Construction and Clearing	1,745. 7. 7	
Workers Compensation and Insurance	228.14. 0	
Proportionate Rent, Stationery and Telephone	240.16. 3	
Printing, Publications, Petty Cash	315.17. 0	
Bridge Equipment	329. 1. 8	
Drilling Equipment	600. 0. 0	10
Jeep	412. 4. 9	
Core Boxes	182. 5. 0	
Shipping Freight and Handling Charges	926. 7. 1	
Travelling, Hotel Accommodation and Car Hire	1,623.16. 3	
	<hr/>	
	15,520. 9.10	
	<hr/> <hr/>	

The above expenditure does not include payment for work already done for the accounts have not been received in respect of drilling and also in respect of an amount owing to Mr. Fagan, nor does it include a commitment for the S.U. test, which is being paid in the next few days, and other working commitments at present under way. 20

It is estimated that in addition to the above accounts already paid, accounts to be paid during next month in respect of work and obligations incurred during the last six months will be approximately £13,000. Details of this expenditure will be forwarded in due course. 30

No administration charge has been made.

INDUSTRIAL & MINING INVESTIGATIONS
PTY. LIMITED

25-2632
28-5526

3RD FLOOR,
16 O'CONNELL STREET,
SYDNEY. AUSTRALIA

16th August, 1962.

PERSONAL

Mr. J. Symons,
Director of Mines,
Mines Department,
HOBART, TASMANIA.

File

10

Dear Jack,

I am receiving a number of requests for information in respect of the Savage River and currently I am supplying information to the following:-

Compagnie des Ateliers et Forges de la Loire.

Schneider & Cie.

Koppers International.

20

E.I. Du Pont de Nemours & Company.

Standard Oil Co. (New Jersey).

Hanna.

Homestake.

With the exception of the first organisation, these have approached me for information.

In respect to the last two mentioned, I had a discussion with their Joint Representative, who informed me that the reason the project was turned down by Hanna and subsequently by Bethlehem Steel was the titanium content of the iron ore and its unsuitability for smelting.

30

Their Representative has asked me for further details in respect to the smelting process, etc., and they will review the position.

Mr. J. Symons.

- 2 -

16th August, 1962.

While in Western Australia I came into contact with a number of representatives of companies investigating iron ore deposits.

The difficulties economically associated with the development of these deposits are turning companies' attention to the Savage River and a re-assessment of potential thereof.

10

I had a discussion with Mr. Mawby and he confirmed that Zinc Keyser have no thought of a steel industry at least for the next ten years.

I obtained some interesting information about the "Philbara" deposits which I will discuss with you. I witnessed a demonstration of a beneficiation process at a heat factor of 570°. The ore can be roasted and magnetised, but the economics would appear questionable.

I saw nothing in Western Australia that has altered the assessment made by us some three years ago that the export of W.A. iron ore is economically doubtful.

20

I have made preliminary arrangements for the capitalisation of a small company of £250,000 to carry on with the development work.

I will defer any final steps in this direction for a month and then re-assess the time factor of negotiating with interested parties.

Regards,

30

Roy Hudson.

(E. R. Hudson)

5th September, 1962.

Mr. J. G. Symons,
Director of Mines,
Mines Department,
HOBART, TASMANIA.

Dear Sir,

re: SAVAGE RIVER IRON ORE DEPOSITS.

Following your referring the Cleveland-Cliffs Iron Company to me I have been in correspondence with this company and have supplied them with certain technical information, and arrangements have been made for their technical representatives to inspect the Savage River during October. 10

The Company forwarded me their balance sheets and Annual Report. Their book value assets are shown as 67 million Dollars and sales at 71 million Dollars a year. Their portfolio in steel stocks although brought into the balance sheet at 24 million have a market value of 90 million Dollars. 20

The Company is interested in the Blythe River project. I have made substantial progress in regard to the Blythe River and am at present negotiating a contract with a Japanese steel company through the Iwai & Company (Australia) Pty. Ltd., who had already contacted you in regard to the Blythe River. Arrangements are being made for technical representatives to come out from Japan in October to inspect with a view to a contract. 30

I am bringing the reports on the Savage River up to date and having some reprinted, and in due course will forward a copy to you for your reference.

Mr. J. G. Symons - 2 - 5th September 1962.

The Cleveland-Cliffs Iron Company advised that they desire to extend their activities to

Exhibit 42 - Letter
to Symons 5/9/62

Australia, and it was for this reason that they
contacted you in regard to the Savage River iron ore
deposits.

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY, LTD.

E. R. Hudson,
Managing Director.

10

21st September, 1962.

PERSONAL

Mr. W. Manson,
Chief Chemist & Metallurgist,
Department of Mines Laboratory,
287 Wellington Street,
SOUTH LAUNCESTON, TAS.

Dear Wal,

10

Attached is copy of a letter which I have sent to Mr. Symons, also copy of the report.

The position in regard to the steel industry has altered in that there is now no available power for at least four or five years; any surplus being taken up by Bell Bay. I have a number of interested overseas people and I expect their visits to start next month.

I was hoping to have a long yarn with you and will do so during October. In the meantime if you have any views I would appreciate them.

20

Best regards to yourself and wife,

(E. R. Hudson)



Department of Mines, Tasmania

1/1

Hobart, 25th September, 1962

TELEPHONES:

Administration and Accounts	} Hobart 2 4041 - 2 2 lines.
Police Inspection	
Explosives and Inflammable Liquids	
Geological Survey	
Assaying and Metallurgical Research	 Launceston 4 2431

Mr. E.R. Hudson,
 Industrial & Mining Investigations Pty Ltd.,
 16 O'Connell Street,
 SYDNEY
 N.S.W.

Dear Mr. Hudson,

SAVAGE RIVER IRON ORE

I regret the delay in answering your letter of the 7th September, 1962, as I have been absent in Western Australia. The enclosed letter from Iwai & Co. (Australia) Pty Ltd was difficult to understand as no approach has been made by the Tasmanian Government to the Iwai Company or in fact to any other Company. I discussed the letter with the Premier this morning and in fact confirmed that the Premier is not at all interested in the export of iron ore to Japan. I am returning Iwai & Co's letter to you for your files.

Yours sincerely,

(J.G. Symons)
 DIRECTOR OF MINES

Exhibit 45 - Copy
 Letter Symons to Hudson,
 1590. 25th September, 1962

4th October, 1962.

Personal

Mr. J. G. Symons,
Director of Mines,
Department of Mines,
HOBART. TASMANIA.

Dear Jack,

Thanks for your letter of the 1st instant.

At the present time I am obtaining from the Japanese steel industry through a local Japanese import and export organisation acceptable specifications. One of the problems is the vanadium. 10

The result of all my negotiations with overseas steel interest has satisfied me that the only way we can get this project into operation is to open up port facilities and commence mining operations for a limited period for export, and I feel that we should concentrate on detailed drilling of the oxidized zone in the Southern area in order to establish average grade and impurities, rather than extend the drilling into the Northern area. However, this is something that will need careful consideration, particularly in regard to impurities, and the answer may well be beneficiated ore rather than ore from the oxidized zone. 20

If you beneficiate you probably would have to go further and sinter. The Cleveland-Cliffs Iron Company are conferring with Koppers and their representatives will be inspecting the deposit this month. This organisation has been in existence for over 100 years and I particularly note that they have recently established two sintering plants for export of ore to Japan. The combination of Koppers and this Company might be effective. Koppers and Strategic-Udy are interested in putting in plant but are not interested in export of iron ore, whereas the other organisation is both interested in export of iron ore and in steel production. The important factor is that this organisation has decided to extend its activities to Australia. As you are aware, one of my greatest difficulties is to get a top directorate decision from overseas organisations that they 30 40

Mr. J. G. Symons

- 2 -

4th October, 1962.

desire or want to extend their activities to this country. At the present time I have at least seven different overseas organisations studying the new report which I have issued and which I will bring down to you on my next visit.

I am most anxious to bring in an overseas organization at this stage rather than be forced into the position of forming some local company to carry on developmental work over the next year or two. I can carry the development work for a certain period but the limit will be reached at the end of the next six months when I will have to seek some financial assistance. 10

I am going to Brisbane next week to discuss with Thiess Bros. export from the Blythe River, and have arranged for Utah Construction Company to make an inspection and give an estimate of mining and delivery charges. I am also negotiating for a Japanese contract both for the ore as it stands and beneficiated, and was hoping to receive some indication before my next interview with you. Provided a contract is obtained and quotations received from Utah and Thiess Bros. of mining and loading costs, no problem would arise in arranging local capitalisation. 20

I note that Mr. Duval has been in Sydney on a few occasions, but I have heard nothing from him or any of his representatives and presume that he is no longer interested. 30

A Press report appeared in an American publication to the effect that Conzinc were interested in the establishment of a steel industry in Western Australia but as you know this is not true and arose from some statement by one of Rio Tinto's executives prior to their amalgamation with Conzinc. During my discussion with Mr. Mawby it became apparent they would not even consider such a proposition at this stage but might do so in about ten years time. In any event any industry established in Western Australia could be for export purposes only, and the economics of producing the steel from the Philbara deposit without any coal or low cost electricity in Western Australia would be questionable. 40

One of the greatest drawbacks in my negotiations with overseas organisations has been Rio Tinto's

assessment of the Savage River, which unfortunately has been passed on to America through Hanna to Bethlehem Steel. It was with the intention of overcoming these reports and assessments that I have forwarded a copy of the reports to the local representative, Mr. Blatchford, and also to the Hanna organisation in America.

I feel reasonably confident that one or other of the organisations at present considering participation will do so, but my immediate problem is financing development during the period of detailed negotiations. If the only way to establish the industry is through a period of export then I feel that we should make a realistic approach to this subject and establish whether there are ten million tons of economic ore acceptable to the Japanese industry available for export, and should direct our activities along these lines during the next six months. 10

Mr. J. G. Symons - 3 - 4th October, 1962. 20

I will be discussing the subject matter with you in due course but feel that no decision should be sought from the Government on this aspect of the matter until such time as it can be established that the ore is in fact saleable to Japan, leaving it for the Government to make its decision when a concrete proposal can be submitted.

With the tremendous interest in the export of iron ore at present in Australia, if we could establish exportability of ten million tons it would focus a great deal of interest thereon. 30

Excuse this disjointed letter, but referring back to Western Australia, Broken Hill Pty.'s assessment for the establishment of a small steel industry in this State is probably the correct one, namely to put in a small industry within a period of sixteen years, at which time the population will probably be around the one million, and there could be sufficient local demand to keep a small steel industry in operation. 40

My best regards to yourself and your wife.

(E. R. Hudson)

8th October, 1962.

Mr. J. G. Symons,
 Director of Mines,
 Department of Mines,
HOBART, TASMANIA.

Dear Sir,

I am making arrangements for the Chief Engineer of a French construction company which operates throughout the world, and whose representative is at present in Australia tendering for a Snowy River contract, to inspect the Pieman River and to give an estimate of cost on the work that will be involved in converting same into a port. 10

At the present time the Chief Engineer is in Brazil, carrying out similar work for the Brazilian Government. It is possible he may be able to come down some time next week, but alternately I have arranged for him to come to Australia late November or early December. 20

From preliminary discussions the suggestion that the erection of a breakwater would scour out the entrance is somewhat doubtful, and although it might be successful over a short period of time, would not create an effective entrance. It was considered that a model should be made in the first instance and certain technical information obtained from the working of the model. However, I will be able to obtain a costing within a 10% margin for the construction of two breakwaters. 30

I considered it best to take the Chief Engineer down by boat from Corrina. Aerial maps are already available and there is the old chart of the entrance, but as an alternative a helicopter could be used, if it could land somewhere near the entrance so that he can inspect the adjacent country with a view to determining what rock material is available.

If you could offer some advice as to what would be the best method of inspection I would appreciate it. 40

Mr. J. G. Symons - 2 - 8th October, 1962.

I understand that you have been over the area in a helicopter and would have some indication as to

Exhibit 47 - Letter
 1594. to Symons 8/10/62

Exhibit 47 - Letter
to Symons 8/10/62

whether same could land adjacent to the entrance,
and would be glad of your advice if to your knowledge
a helicopter would be available during next week or
early in December in Tasmania.

From the reactions of discussions with overseas
organisations I feel it is desirable to establish
that port facilities can be made available at a
reasonable capital cost.

10

Yours faithfully,
INDUSTRIAL & MINING
INVESTIGATIONS PTY, LTD.

E. R. Hudson,
Managing Director.

15th November, 1962.

PERSONAL

J. G. Symons, Esq.,
Director of Mines,
Department of Mines,
HOBART. TASMANIA.

Dear Jack,

I have been working on the question of pelletizing, of which incidentally Mr. Rayne is regarded as the leading world expert. He also I understand has written a book on world iron ore deposits, and I am obtaining a copy and forwarding it on to you. 10

The Cleveland Cliffs Iron Company is also materially interested in pelletizing although I note that Pickards Mather and Company are building a new plant with an output of 4 million tons of pellets per annum.

Cost factors are interesting. American working costs average 1.6 Dollars, basing labour on a cost structure of 4 Dollars per hour. Capital costs at a million tons per annum are approximately 7 million Dollars. Cost per actual ton is about 7 Dollars. Sale price in America is somewhere between 30 to 35 Dollars. Sale price to Japan F.O.B. Pieman River would be about £7.0.0 per ton. Actual cost allowing depreciation say at 15% would be approximately £4.0.0 but this would not include any equipment, harbour or port facilities, etc. 20 30

Most of the pellets produced in America are under 62%. It would seem that at a minus 300 to minus 350 mesh beneficiated ore from the Savage River would be about 69%. These figures raise a most interesting aspect because one could capitalise an Australian company to put in the pelletizing plant. Mr. Arms of Pickards Mather, who had previously had discussions with B.H.P., indicated that B.H.P. would take a half a million tons of pellets a year. 40

Personal

J. G. Symons, Esq. - 2 - 15th November, 1962.

I have written to Mr. Pupulidy asking him to forward me a report by Strategic-Udy as to the effect of pelletizing with a Strategic-Udy plant but I do not think this of any importance. On electric smelting the titanium will go ^{into} the slag and according to Mr. Arms most of it will go into the slag on conventional smelting. 10

One could start to look at the development of the industry on this basis:

- (a) The establishment of pelletizing plant of 1 million tons capacity by an Australian capitalised company;
- (b) The development of an integrated steel industry over a period of four to five years using the pelletization plant supplying pellets to electric firms; furnaces; 20
- (c) The opening up of the Pieman River and the erection of a pelletizing plant together with mining of the ore body and further extension of reserves would make it easy to attract a steel organisation to set up a plant, using the pellets as its raw material.

I am making a study of various factors in regard to pelletizing and will let you have the details thereof within the next two weeks. 30

I would like you to consider the thoughts expressed by me so that we could discuss same on my next visit to Tasmania.

An interesting thing about the new analyses from Mr. Manson is that although the average titanium content is still about 0.4 the highest is only 1%, so that pellets from the Central Section, even if tests showed that the titanium content cannot be removed at say a minus 350 mesh, indicate that the pellets would not be detrimental to conventional smelting. 40

I am considering and probably will discuss with you prior to taking any action, the possibility of

opening up discussions with B.H.P. as to whether they would take pellets over a period of four to five years. I have had a number of conferences and discussions in Sydney with various construction firms, including the firm that recently put in their beneficiation plant at Whyalla, and I believe that there is some problem in regard to the ore from Yampi as it is very friable and this is the reason they set up the sintering plant. Costs of sintered ore from Yampi are fairly high and it would appear that B.H.P. could be vitally interested in obtaining pellets from the Savage River in preference to continuing at this stage with Yampi.

10

As soon as I have completed investigations on the various aspects of pelletizing I will come to Hobart and have a conference with you. One problem could be the cost of bentonite, which is used in the process, which represents .225% of the total production cost of 1.6 Dollars.

20

Regards,

(E. R. Hudson)

16th November, 1962.

PERSONAL

J. G. Symons, Esq.,
Director of Mines,
Department of Mines,
HOBART, TASMANIA.

Dear Jack,

Further to my letter of yesterday's date, it appears that Cleveland Cliffs Iron Company are coming out to examine the economics of pelletising with Heine Brothers, at Scott River. 10

Apparently the detailed costing and figures have been worked out, but the pellets will only be about 62%.

Hanna Mining Company is working in with Western Mining in putting in a pelletising plant for a Tailoring Peak.

Each of these projects as you know involves a high capital cost of transportation and Port facilities. 20

Apparently, the Western Australian Government are prepared to materially assist in respect to these matters.

The Savage River would have considerably more economic potential for pelletising than the other deposits.

Hoad Wrightson Pty. Ltd. did the costing, etc., for Heine Brothers, and I had a conference with two of their executives recently and am contemplating employing them to do a detailed costing on pelletising a 1 million ton output. 30

I have forwarded the necessary material to France to have a model made of the Pieman River mouth, and am hoping to have some details of the costing and the works necessary to make the mouth an all-weather port early in January.

Cleveland Cliffs Iron Company will be coming down to the Savage River possibly in a few weeks' time and will no doubt compare the economics of establishing a plant for Heine Brothers or the 40

Savage River. Prior to their arrival, I will obtain for you considerable information on pelletising, so that if this subject matter comes up for discussion, you will have all the latest information in relation thereto.

I am enclosing copy of an address made by Mr. Arms whom you recently met. It would seem that the export of iron ore will become more and more difficult and that Western Australian deposits can only be looked at from the point of view of pelletising in the first instance. Beneficiation would be difficult and probably their pellets would not exceed 62 to 60%.

10

My best regards,

(E. R. Hudson)

29th November, 1962.

Mr. J.G. Symons,
 Director of Mines,
 Mines Department,
HOBART, TASMANIA.

Dear Mr. Symons,

Following on the investigation of pelletising the ore, the thought arises that it might be more economical if the ore is crushed from minus 300-350 and to pump same to a North Coast Port where a pelletising plant could initially be installed and would form part of the intergrated steel industry in due course. 10

Overall, it might be more advantageous to subsidiary industries and could lower transportation costs between Tasmania and the mainland.

I was wondering if you could give me any information or advice as to where I could obtain information as to the use of Smithton. I would like to obtain a detailed map of the Port and some information as to depth, etc., 20

While investigation the possibility of another Port, Straghan would have to be taken into consideration, although I am satisfied that the Pieman River could be turned into a favourable port at a low capital cost, but consideration would also have to be given to the possibility of subsidiary industries following the creation of a steel industry and this involves living conditions, available level grounds, etc., 30

I do feel that our investigations should be extended in regard to port facilities and if you could indicate a source from which I could obtain information, it would materially assist me.

I had a call from Canberra this morning asking if I would discuss the Savage River with Mr. Rayner and other personnel and I will be seeing them on Thursday of next week. 40

It is desirable that Commonwealth references in various publications should treat this prospect in its proper perspective.

I know Mr. Arms and Mr. Kennedy were in Canberra and after inspection of the deposit, found it difficult to understand the concentration of Western Australian ore bodies a negative attitude to the Savage River.

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Drilling will commence within the next ten days.

Yours faithfully,

E.R. Hudson.