

EDUCATION AND HEALTH STANDING COMMITTEE -

**MAGELLAN METALS PTY LTD CLARIFICATION OF EVIDENCE PROVIDED AT THE
HEARING ON 2 MAY 2007**

Magellan sets out, in items 1 and 2 below, clarification of part of the evidence provided by Mr Scott and Mr Watters during the hearing before the Committee on 2 May 2007.

1. Magellan refers to page 15 of the Transcript and in particular the following extract:

"Mr T.G. STEPHENS: The ore body that is loaded onto the ships: once it is on the ships it is your product; you retain ownership of it on the ships?"

Mr Scott: Yes, we retain ownership until it actually arrives in China.

Mr T.G. STEPHENS: The ore body is in your hands, as the beneficial owners of it, from the point of production through to its delivery at the refinery.

Mr Scott: Certainly until its delivery at the port of discharge.

Mr T.G. STEPHENS: That is all of the ore body.

Mr Scott: I am a mining engineer. You cannot call it an ore body. It is a concentrate, but, beyond that, yes."

The statement given by Mr Scott that Magellan retains ownership of the lead concentrate until "its delivery at the port of discharge" is not correct. Under the arrangements between Magellan and its customers:

- (a) the risk associated with ownership or loss of the concentrate passes to the customer at the time when the concentrate passes the ship's rail at the port of loading; and
 - (b) title to (or ownership of) the concentrate passes from Magellan to its customer at the time when Magellan receives an initial payment of approximately 90% of provisional price for the concentrate. This payment is typically received by Magellan a few days after the ship has left the port of loading and before the ship reaches the port of discharge.
2. Magellan refers to page 3 of the Transcript and, in particular the following extract:

"Mr Watters: Yes, thank you, Pat. I was actually born in Broken Hill and spent most of my working life there. We lived there for 50 years. I am a metallurgist by profession. When I finished my time there, I was metallurgy manager for Pasmenco, which was basically in charge of the metallurgical operations of both North Mine and the zinc mine, or CRA. I have had extensive experience in carbonate lead, flotation and preparation, as well as sulphide lead mineralogy and treatment. I had three years with the nickel industry in the goldfields before coming on to this project."

Where Mr Watters states that "*I was metallurgy manager for Pasmenco*" it is more accurate to say that he "***had been metallurgy manager for Pasmenco***" as, by the time he left Broken Hill, "*metallurgy manager*" was not his official role.