



QUEENSLAND MAGNESIA (OPERATIONS) PTY LTD

A.C.N. 010 823 588



WHOLLY OWNED BY QUEENSLAND METALS CORPORATION LIMITED



10 May 2000

Mr John Harrison
TecEco Pty Ltd
497 Main Rd
Glenorchy TAS 7010.

BY FAX 03 62730010

Dear Mr Harrison

TecEco has made available to QMAG details of its eco cement technology under a Confidentiality Agreement. QMAG is not involved in the production of magnesia based cements but has investigated cement technologies (through QMAG's parent company Queensland Metals Corporation in a separate Joint Venture).

The technology under development by Tec Eco Pty Ltd has features not previously contemplated by QMAG. From our initial understanding of the technology, there are a range of significant commercial applications that could be developed.

For QMAG, the development of the technology is significant in that it could represent a potentially large new market for magnesia. An additional attractive feature is that the specification for the magnesia that would be required in eco-cement is not particularly stringent. This enables the major raw material to be produced relatively cheaply, particularly if large markets can be developed. In terms of efficient resource utilisation, the development of large scale applications for low grade calcined magnesia provides an essential balance so that maximum recovery can be achieved from any magnesite resource. Only in recent years has QMAG been able to start to find viable markets in Australia for low grade materials. In mining magnesite for higher grade applications, mainly as refractory materials, significant quantities of lower grade material is generated.

QMAG is interested in working with TecEco in the future to assist in the development of this technology.

Yours sincerely

Bill Guthrie
Technical Manager