



QUEENSLAND MAGNESIA (MARKETING) PTY LTD

A.C.N. 010 693 697

10 April 00

Mr John Harrison
 Managing Director
 TecEco Pty Ltd
 497 Main Road
 Glenorchy TAS 7010

BY EMAIL:

Dear John

Thank you for your email'd letter of 21 March with the accompanying details on your company and its business strategies. From this information, and from our discussions, it is clear that we have common interests in several areas.

Queensland Magnesia (QMAG) is 100% owned by Queensland Metals Corporation Limited (QMC). QMAG commenced operations in 1992 as a producer and marketer of a range of refractory grade magnesias (deadburned and electrofused). Over recent years QMAG's product range has diversified such that we now sell approximately 45,000 tonnes of calcined (caustic) magnesia to customers using this material in a wide range of applications. We are clearly the largest supplier of calcined magnesia in Australia and one of the world's largest suppliers of magnesia products generally.

I have provided this very brief background to illustrate that our core business is in the mining of magnesite and production of a range of magnesia products. To date QMAG has been a supplier of magnesia and have not sought to further transform our material for particular markets. We have however looked to widen the range of products and markets that we supply.

QMC has a considerable track record of developing magnesite related technology. In magnesia hydroxide slurries, flame retardant materials and, of course, the AM Process for the production of magnesium metal feedstock. In evaluating your technology we will also be assessing what role we are best positioned to fill to commercialise its potential. At this stage we would rule nothing out, but believe it is premature to consider how we might structure an arrangement between us.

Our interest in the technology that you are developing and the markets that may be served by that technology is based on several factors:

- We are continuing to look for opportunities to complement our existing mining operation. Our product suite is mainly focused on the production of high grade magnesia for refractory applications. Over recent years we have widened our grade requirements by developing lower deadburned and calcined magnesia grades and magnesite for magnesium metal production, however we believe there may be synergies



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WHOLLY OWNED BY QUEENSLAND METALS CORPORATION LIMITED

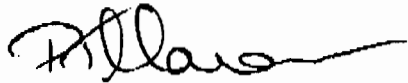


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- We were part of a Joint Venture with Queensland Cement Limited that investigated magnesla cements several years ago. We may have some complementary Intellectual property and we have market research in several related product areas.
- We have developed networks with a range of companies with competencies different to ours that may assist in furthering the development of the technology. We would not involve any other person or group without first obtaining your agreement and suitable confidentiality agreements.

Having put a confidentiality agreement in place between us, we would like to commence the process of understanding your research and technology. Once we understand your technology we will be able to discuss with you how it might best be commercialised and what role we think we can play.

Yours sincerely



Philip Macoun
Strategy and Planning Manager