

Hamersley Iron Pty Limited
Level 18
Central Park
152-158 St Georges Terrace
Perth WA 6000
Australia

Mr Chris Adams
Chief Executive Officer
City of Karratha
PO Box 219
KARRATHA WA 6714

21 December 2018

Dear Chris

Letter of intent – Dampier land and asset transfers

On behalf of Hamersley Iron Pty Limited ("**Rio Tinto**"), I am very pleased to provide the City of Karratha ("**City**") with this letter of intent in support of the Dampier land and assets transfers project ("**Project**"), which forms part of the broader plan to transition non-core assets in Dampier to the City going forward. This letter is a testament to the close working relationship and dedication of our respective organisations in recent years to get to this point.

While there remain a number of key details to be agreed, with internal and external approvals yet to be sought, including from the State of Western Australia (**State**), I sincerely thank you and your officers for the work done to date and look forward to working with you further to realise the Project.

Conditions

Rio Tinto hereby confirms its intention to enter into formal arrangements with the City to progress the Project, involving the proposed dealings in relation to certain parcels of land containing community, civic and recreational assets in Dampier as further described and listed in Annexure 1 ("**Project Assets**") as part of the Project.

I am authorised to provide the commitments set out in this letter on behalf of Rio Tinto, in support of the Project, subject to the conditions set out in this letter.

1. Funds

Rio Tinto has agreed to provide funds of AU\$6,000,000 to the City as part of a plan to transfer the Project Assets to the City, subject to conditions to be agreed between the parties ("**Funds**"). The Funds will be a one-off provision to the City in recognition of the costs associated with the future operation, upkeep and maintenance obligations associated with the Project Assets. The parties agree that the payment of Funds will be taken to fully and finally settle any and all claims and liabilities against Rio Tinto by the City in respect of the Project Assets after the transfer of the Project Assets, including any liability for taxes, rates, stamp duty and other charges relating to the transfer.

2. Project Assets – Tenure Arrangement

The agreement between the parties in relation to the Project will need to address a number of land tenure transactions, involving the suite of land parcels in Dampier that have been the



subject of discussions with the City (refer **Annexure 1**) and will be subject to necessary internal and external approvals (including State approvals).

More specifically, the proposed dealings in relation to Crown Leases granted by the State to Rio Tinto pursuant to the *Land Administration Act 1997 (WA)* (**LAA**) and the terms of the *Iron Ore (Hamersley Range) Agreement Act 1963 (WA)* (**Hamersley State Agreement**) will require support of the State to fulfil the desired project outcomes.

The proposed general treatment of the Project Assets in achieving the Project are broadly outlined below:

- Parcels that contain freehold title held by Rio Tinto are proposed to be transferred to the City for the purpose of community use. It is the parties' intention to work towards achieving a transfer date of these parcels by 1 July 2019;
- Parcels that are held by Rio Tinto under the LAA (including portions of Crown Leases N104743 and N104747) are proposed to be surrendered to the State. The parties acknowledge that the City will need to separately engage with the State in respect of these parcels, to secure the grant of a reserve to be vested with the City for the purpose of community and recreation purposes. To that extent, Rio Tinto will use its best endeavours to support the City with facilitating the engagement between the City and the State;
- Rio Tinto to support the City's proposal to develop a marina and associated facilities on portion of LAA Lease N104745, subject to there being no undue prejudice to Rio Tinto operations under the Hamersley State Agreement, and provided the final detailed proposal and its design/footprint meets with Rio Tinto and the State's requirements.
- Once the Project and land assembly is agreed and finalised between Rio Tinto, the State and the City, it is acknowledged that the City will need to separately negotiate new service/management agreements with various community groups occupying the respective Project Assets.

Rio Tinto will work with the City to seek to agree and execute an agreement by Q1 2019, covering all the terms and conditions relating to the transfer of the Project Assets and provision of the Funds.

We look forward to working more closely with you on this Project in the coming weeks.

Yours sincerely,



Ivan Vella
Managing Director – Rail, Port & Core Services

Annexure 1 – Summary of Project Assets

Common name		Lot details
1.	Hampton Harbour Boat and Sailing Club	a) Lease N104745 Portion of Lot 26 on Plan 241372 b) Lease N104743 Portion of Lot 23 on Plan 241372. c) Freehold Lot 361 (No.17) The Esplanade, Dampier.
2.	Dampier foreshore	a) <i>Portion of UCL*</i> . b) <i>Lot 248 on Plan 217466*</i> . c) Lease N104743 Portion of Lot 23 on Plan 241372.
3.	Dampier public boat ramp	a) N104745 Portion of Lot 26 on Plan 241372. b) <i>Portion of UCL*</i> . c) <i>Reserve 43292 (Lot 249)*</i> . d) <i>Reserve 43293 (Lot 252)*</i> . e) Lot 253 on Plan 217466.
4.	Hampton oval	a) Lot 166 (No.1) The Esplanade, Dampier on Plan 215598. b) Lease N104743 Portion of Lot 23 on Plan 241372. c).
5.	Tennis court, squash courts, Jurat Park	a) Freehold Lot 378 (No.1) Haig Close, Dampier on Plan 17814 (Tennis Court).b) Freehold Lot 379 (No.5) Haig Close, Dampier on Plan 17814 (Squash Court). c) Freehold Lot 3 on Plan 18331 (Jurat Park). d) Freehold Lot 4 on Plan 18331 (parking for squash courts).
6.	Windy Ridge oval	a) <i>Lot 247 The Esplanade, Dampier Plan 217466 (Windy Ridge Oval)*</i> . b) Freehold Lot 251 on Plan 217466 (Dampier Sports Club). c) <i>Lot 250 (Reserve 43294) (Drainage)*</i> .
7.	Dampier Bowling Club	a) Freehold Lot 359 (No.77) Church Road, Dampier (Bowling Club Building). b) Freehold Lot 358 (No.71 Church Road, Dampier (Bowling Club Green).
8.	Hardy reserve	<i>Portion of Reserve 48600 (Lot 402 on Plan 17819)*</i> .
9.	Red Dog town entry bay	Lease N104747 Portion of Lot 38 on Plan 24137.
10.	Dampier lookout	a) <i>Portion of Hampton Drive Road Reserve*</i> . b) Lease N104743 Portion of Lot 23 on Plan 241372 (stone memorial).

** Note: The land parcels identified above with an asterisk are proposed to form part of the Project, however, they are not held by Rio Tinto, accordingly, Rio Tinto will not have the ability to 'deal' with these. Rio Tinto will however, include these parcels in its discussions with the State, in furtherance of the Project.*

The Project Assets include all improvements to the land including buildings, fixtures and fittings.