

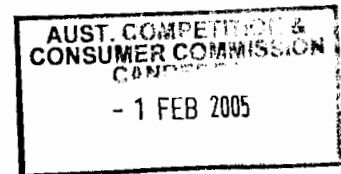
28 January 2005

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Our Ref: TH/vec/
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Mr Mike Buckley
General Manager
Regulatory Affairs - Gas
Australian Competition and Consumer Commission
PO Box 1199
DICKSON A.C.T. 2602



LETTER BY POST AND EMAIL

Dear Mr Buckley

Re: PNG GAS PROJECT – APPLICATION FOR AUTHORISATION

WMC (Olympic Dam Corporation) Pty Ltd (**WMC**), a wholly owned subsidiary of WMC Resources Ltd, owns and operates the Olympic Dam mine and mineral processing facilities at Olympic Dam in South Australia (**Olympic Dam Operations**). WMC has entered into an Indicative Terms Agreement with the PNG Gas Project Sponsors (the **Applicants**) for the supply of up to 30 PJ pa of natural gas from the PNG Gas Project with a view to securing a long term, reliable and low cost energy supply solution for its Olympic Dam Operations. Please take this letter as WMC's written submissions in support of the Applicants' Application for Authorisation under Section 88(1) of the Trade Practices Act 1974 (Cth). In this regard, we refer to the Australian Competition and Consumer Commission's (**ACCC**) Issues Paper PNG Gas Project Application for Authorisation December 2004.

WMC understands that, in relation to the joint marketing of natural gas produced by the PNG Gas Project to customers in Australia, in order to grant authorisation under Section 88(1), ACCC must be satisfied in all circumstances that:

- the provisions of the subject arrangements or conduct would result, or be likely to result, in a benefit to the public; and
- that benefit would outweigh the detriment to the public constituted by any lessening of competition that would result, or be likely to result, if the proposed arrangements were made or given effect to.

WMC believes that strong grounds exist for the granting of the application for authorisation, including but not limited to the following:

1. The PNG Gas Project will provide a new, competitively priced source of gas to the energy market in eastern and southern Australia. Joint

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marketing by the Applicants would actually promote competition rather than have the effect or likely effect of lessening competition.

2. In relation to securing a long-term, reliable and low cost energy supply solution for WMC's Olympic Dam Operations, WMC believes that, without the realisation of the PNG Gas Project, WMC's long-term cost of energy would almost certainly be significantly higher and there would be no alternative source of natural gas in the quantities required.
3. WMC is carrying out a pre-feasibility study on the future development of its Olympic Dam Operations. Should the development proceed, a potential further investment of approximately \$4 billion is projected for the expansion of WMC's Olympic Dam's Operations and associated infrastructure. Low cost energy supply is a key element to WMC's expansion proposals.
4. The availability of an additional source of gas supply for South Australia and the installation of additional gas-fired power generation facilities that this would promote is likely to ease significantly existing constraints on the supply of electricity to consumers in South Australia generally. The Government of South Australia is cognisant of this and has indicated that it would be supportive of additional WMC-sponsored, gas-fired power generation capacity in the State.
5. Increased gas-fired power generation in South Australia would promote significant environmental benefits (for example, reduced greenhouse gas emissions).
6. WMC believes that there would be no advantage to the project partners, customers or the market from separate marketing of gas. We believe that there would be a strong likelihood of the market position being confused resulting in an impairment of the project to be brought to fruition.

WMC urges ACCC to provide expeditiously the authorisation sought by the Applicants.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Nossal', is written over a light blue horizontal line.

MICHAEL NOSSAL
Executive General Manager
Business Strategy and Development

cc: Mr John Rich – Chair, Queensland Major Gas Users Group
PO Box 1389, Brisbane. QLD 4001