

ANNEXURE 3

YINDJIBARNDI – FORTESCUE INFORMATION PAPER



In 2007, Fortescue started meeting with Yindjibarndi to discuss its Solomon mining area. Back then, Yindjibarndi were doing heritage surveys for Fortescue's exploration drilling.

During the rest of the year, Fortescue and Yindjibarndi talked about how they were going to negotiate. Then Yindjibarndi said the surveys would stop until Fortescue made an agreement with Yindjibarndi.

In 2008, Fortescue and Yindjibarndi started negotiating an agreement that would allow mining to happen on all Yindjibarndi country.

At first, Yindjibarndi wanted 5% of all Fortescue's income from mining. This is worth about \$150 million each year. This was a lot more than Fortescue was prepared to pay.

Fortescue offered compensation capped at \$4 million each year (including \$1.2 million in training).

Yindjibarndi did not agree and wanted more money. Fortescue then offered up to \$5 million each year (including \$2 million in training).

Then, negotiations over the **whole** of Yindjibarndi country stopped and they focused on three mining leases that Fortescue wanted. For just those three mining leases, Fortescue offered Yindjibarndi 0.075% of all mining income (or about \$2.3 million each year based on our estimates).

Yindjibarndi then said they would accept 2.5% of all Fortescue's income (or about \$75 million each year) for the mining leases. Fortescue said that was still way too much.

In 2009, because there was no agreement with Yindjibarndi, Fortescue asked the National Native Title Tribunal to decide whether the mining leases could be granted to Fortescue.

The Tribunal agreed that Fortescue had negotiated in good faith with Yindjibarndi and told the State that the leases could be granted.

Under the law, no financial compensation is payable to Yindjibarndi if the leases are granted in this way. Nevertheless, Fortescue kept its offer of financial compensation on the table.

Fortescue then gave Yindjibarndi time to make another offer or accept the existing offer otherwise there would be no financial compensation for mining on the three leases.

Yindjibarndi made no other offer so Fortescue withdrew its offer for financial compensation for the three mining leases.

Yindjibarndi appealed to the Federal Court and that case has just been heard by the Court. A decision will come down later in the year.

IMPORTANT YINDJIBARNDI STATEMENTS AND POSITIONS

“Yindjibarndi don’t want Fortescue jobs”

“Yindjibarndi want a great agreement or no agreement at all”.

“The Fortescue offer of \$5 million each year to Yindjibarndi is a joke”.

“Yindjibarndi will stop heritage surveys until an agreement is made”.

If you have any questions, please call Blair McGlew on 0407 082 282.