

ON APPEAL
FROM THE SUPREME COURT OF
NEW SOUTH WALES
EQUITY DIVISION

IN PROCEEDINGS 292 OF 1973

QUEENSLAND MINES LIMITED

Appellant (Plaintiff)

ERNEST ROY HUDSON,

SAVAGE IRON INVESTMENTS PTY. LIMITED

and

INDUSTRIAL AND MINING INVESTIGATIONS PTY. LIMITED

Respondents (Defendants)

TRANSCRIPT RECORD OF PROCEEDINGS

PART I

Volume I

SOLICITORS FOR THE APPELLANT

Allen Allen & Hemsley,
2 Castlereagh Street,
Sydney. N.S.W.

By their Agents:

Slaughter & May,
35 Basinghall Street,
London. EC2V 5DB U.K.

SOLICITORS FOR THE RESPONDENTS

Freehill, Hollingdale & Page,
60 Martin Place,
Sydney. N.S.W.

By their Agents:

Linklaters & Paines,
Barrington House,
59-67 Gresham Street,
London. EC2V 7JA U.K.

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"A3"	Letter Hudson to Symons	5 September, 1960	1285 (V. V)
"A4"	Letter Hudson to Symons	31 January, 1961	1358 (V. VI)
"A5"	Letter Hudson to Symons	9 February, 1961	1364 (V. VI)
"A6"	Letter Stanhill Consolidated Limited to Symons	26 September, 1960	1295 (V. V)
"A7"	Copy letter Hudson to Strategic Materials Corporation	1 May, 1961	1409 (V. VI)
"B"	Interrogatories 8(a), (b), (c), (d), (e) and (o) and answers thereto	28 June, 1974	1913 (V. VIII)
"C"	Interrogatories 1(a), (b), (c), (d), (h) and answers I, II, III, IV, V, VI, (i), (ii), VII and VIII	28 June, 1974	1915 (V. VIII)
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"E2"	Minutes of meeting of Directors of Plaintiff	6 June, 1962	1569 (V. VI)
"E3"	Minutes of Meeting of Directors of Plaintiff	17 April, 1963	1610 (V. VII)
"E4"	Portion of Minutes of meeting of Directors of Plaintiff	24 January, 1959	1148 (V. V)
"E5"	Minutes of meeting of Directors of Plaintiff	24 June, 1959	1152 (V. V)

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"E7"	Portion of Minutes of meeting of Directors of Plaintiff	15 January, 1960	1189 (V. V)
"E8"	Minutes of meeting of Directors of Plaintiff	1 March, 1961	1373 (V. VI)
"E9"	Minutes of meeting of Directors of Plaintiff	27 April, 1961	1407 (V. VI)
"F"	Exploration Licence No. EL4/61 with two transfers endorsed thereon	Undated	1269 (V. V)
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"J"	Copy agreement between Industrial and Mining Investigations Pty. Limited <u>and</u> Pickands Mather & Co. International <u>and</u> Pickands Mather & Co.	Undated	1702 (V. VII)
"K"	Copy agreement between Industrial and Mining Investigations Pty. Limited <u>and</u> Pickands Mather & Co. International <u>and</u> Pickands Mather & Co.	19 November, 1965	1787 (V. VII)
"L"	Interrogatories 4(a) to (g) (inclusive) and 4(i) to (o) (inclusive) and answers thereto		1927 (V. VIII)
"M"	Preliminary report to Hudson from Palmer	Undated	1929 (V. VIII)
"N"	Interrogatories 5(b), (c), (d), (e) and answers thereto		2028 (V. VIII)
"O"	Cheque butt annexed to Interrogatory 5		2029 (V. VIII)

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"Q"	Document being Annexure "C" to Interrogatory 6		2031 (V. VIII)
"R"	Interrogatories 8(m) and (n) and answers thereto		2033 (V. VIII)
"S"	Interrogatories 10(a) to (d) (inclusive) and answers thereto		2034 (V. VIII)
"T"	Telegram being Annexure "G" to Interrogatory 10		2035 (V. VIII)
"U"	Interrogatories 13(a), (c), (d), (e), (g), (h), (k), (l), (m) and (n) and answers thereto		2036 (V. VIII)
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"AN"	Documents marked "ERH 1" to "ERH 32" (inclusive) being documents annexed to defendant's answer to Interrogatory 31		2071 (V. VIII)
"AO"	Bundle of correspondence between Hudson and Associated Diamond Drillers Pty. Limited	3 March, 1961 6 March, 1961 9 March, 1961 21 March, 1961	1374 (V. VI) 1376 (V. VI) 1377 (V. VI) 1378 (V. VI)
"AP"	Bundle of accounts rendered by Associated Diamond Drillers to Queensland Mines Limited (Not reproduced)	14 April, 1961 to 14 December, 1961	

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"AQ"	Bundle of Associated Diamond Drillers weekly drilling reports (Not reproduced)	17 March, 1961 to 26 June, 1964	
"AR"	Applications for Leases 4M/64, 5M/64, 6M/64, 7M/64, 8M/64, 9M/64 with attached transfers and notices of various dates	18 January, 1964	1645 (V. VII)
"AS"	Copy Lease between Minister for Mines of Tasmania and North West Iron Co. Limited and Dahlia Mining Co. Limited	3 June, 1966	1806 (V. VII)
"AT"	Draft letter Hudson to Symons from Mines Department file	Undated	1286 (V. V)
"AU"	Minutes of meeting of directors of Kathleen Investments (Australia) Limited	9 February, 1961	1365 (V. VI)
"AV"	Draft letter Hudson to Northcott	1 December, 1960	1333 (V. VI)
"AW"	Minutes of meeting of Directors of Australasian Oil Exploration Limited	13 October, 1960	1305 (V. VI)
"AX"	Two pages of Palmer's notebook one headed "Mines Department - Tasmania" and the following page headed "Mines Department"	Undated	1310 (V. VI)
"AY"	Melbourne Cash Book of Queensland Mines Limited		1087 (V. V)
"AZ"	Memorandum and Articles of Association of Queensland Mines Limited (Memorandum of Association and 1967 Amendments to Articles of Association not reproduced)		769 (V. IV)

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	Letter Hudson to Symons	23 September, 1960	1288 (V. V)
	Copy Letter Symons to Hudson	28 September, 1960	1290 (V. V)
	Telegram Korman to Symons	30 September, 1960	1291 (V. V)
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	Copy phonogram Director of Mines to Hudson	5 October, 1960	1294 (V. V)
"A9"	Two memoranda from Mines Department file	18 October, 1960 8 November, 1960	1323 (V. VI) 1326 (V. VI)
"A10"	Copy letter Symons to Hudson	10 February, 1961	1369 (V. VI)
"A11"	Letter Hudson to Symons	13 February, 1961	1370 (V. VI)
"A12"	Letter Hudson to Symons	15 March, 1961	1379 (V. VI)
"A13"	Weekly drilling report (Not reproduced)	21 April, 1961	
"A14"	Letter Strategic Materials Corporation to Symons together with four annexures	14 April, 1961	1382 (V. VI)
"A15"	Letter Hudson to Symons and annexure	17 April, 1961	1393 (V. VI)
"A16"	Letter Hudson to Symons	18 April, 1961	1401 (V..VI)
"A17"	Copy letter Symons to Hudson	24 April, 1961	1405 (V. VI)
"A18"	Letter Hudson to Symons	30 May, 1961	1411 (V. VI)
"A19"	Draft press statement from Mines Department file	Undated	1413 (V. VI)
"A20"	Press report, "The Mercury"	30 June, 1961	1455 (V. VI)

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"A22"	Copy letter Symons to Hudson	2 June,	1961 1437 (V. VI)
"A23"	Copy letter Symons to Hudson	5 June,	1961 1438 (V. VI)
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"A25"	Copy letter Symons to Hudson	13 June,	1961 1443 (V. VI)
"A26"	Letter Hudson to Symons	9 June,	1961 1441 (V. VI)
"A27"	Drilling reports received (Not reproduced)	26 June,	1961
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"A36"	Copy letter Mines Department to Hudson	13 July,	1961 1465 (V. VI)
"A37"	Letter Hudson to Symons	1 August,	1961 1473 (V. VI)

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"A39"	Copy letter Symons to Hudson	18 August, 1961	1496 (V. VI)
"A40"	Press report "The Mercury" taken from Mines Department file	27 September, 1961	1509 (V. VI)
"A41"	Letter Hudson to Symons with attached report	16 November, 1961	1521 (V. VI)
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"A44"	Copy letter United Steel Company to E.W. Senior	16 June, 1961	1444 (V. VI)
"A45"	Letter Hudson to Symons	4 July, 1961	1457 (V. VI)
"A46"	Undated letter from Hudson to Symons received	6 November, 1961	1519 (V. VI)
1	Minutes of meeting of Directors of the plaintiff held between 24 January, 1959 and 22 May, 1964 not tendered by the Plaintiff		853 (V. IV)
2	Copy Agreement between Australasian Oil Exploration Limited, Factors Limited and Francis Alfred Ross McBain	20 January, 1959	844 (V. IV)
3	Copy letter Hudson to Symons and annexure	18 August, 1961	1497 (V. VI)
4	Copy of Folio 17 of Queensland Mines Limited's Sydney Imprest Account cash-book and annexed typed statement	17 November, 1959	1186 (V. V)
5	Copy Palmer's preliminary report	April, 1959	880 (V. IV)
6	Copy letter from Hudson to Factors Limited and attached accounts	22 July, 1959	1153 (V. V)

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10	Copy letter from W.J. Stevens Pty. Ltd., to Electro Mechanical Products	31 July, 1960	1260 (V. V)
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12	Copy Palmer's three accounts relating to Nowa Nowa investigations	14 December, 1960 14 December, 1960 8 May, 1961	1350 (V. VI) 1351 (V. VI) 1352 (V. VI)
13	Copy Advertisement by Stanhill Iron & Steel for metallurgists and chemical engineers, plus extract from Sydney Morning Herald	29 January, 1960	1190 (V. V)
14	Copy cable Stanhill Consolidated Limited to the N.Z. Industries & Commerce Department	Undated	1192 (V. V)
15	Copies three newspaper cuttings relating to N.Z. steel industry	16 February, 1960	1198 (V. V)
16	Summary of financial position of Queensland Mines Limited between 1960-1963		1201 (V. V)
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18	Copy letter Hudson to Korman	30 November, 1960	1332 (V. VI)

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20	Copy Application by Hudson for EL/5	23 February, 1961	1371 (V. VI)
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23	Cash Book for Imprest Account of Queensland Mines Limited together with summary of ledger account (Pages 51 to 182 inclusive not reproduced)		1036 (V. V)
24	Private Journal No. 1 of Queensland Mines Limited (Pages 31 to 133 not reproduced)		812 (V. IV)
25	Summary of expenses re drilling and assays with respect to Savage River		2137 (V. VIII)
26	Cash Book of E.R. Hudson Imprest Account (Not reproduced)		
27	Letter Queensland Mines Limited to Dubar Trading Pty. Limited	20 March, 1962	1552 (V. VI)
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50	Copy letter Hudson to Symons	29 November, 1962	1601 (V. VI)
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52	Copy letter Hudson to Pickands Mather & Co.	14 January, 1963	1607 (V. VII)
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56	Copy letter Hudson to Pickands Mather & Co.	27 May, 1963	1615 (V. VII)
57	Copy letter Hudson to Premier of Tasmania	22 August, 1963	1624 (V. VII)
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59	Industrial & Mining Investigations Pty. Limited's progressive report (Not reproduced)	31 July, 1962	
60	Two copy letters Pickands Mather & Co. to Hudson	20 June, 1963	1619 (V. VII)
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67	Battelle Memorial Institute's report (Reproduced in part only)	30 November, 1968	1869 (V. VII)
68	Strategic UDY Processes Inc.'s Report (Not reproduced)	14 December, 1961	
69	J.R. Miller's report (Pages 1 to 3 reproduced only)	20 June, 1974	2115 (V. VIII)
70	Deed between Industrial Mining Investigations <u>and</u> Savage Iron Investments <u>and</u> Dubar Trading Co.	15 October, 1974	2146 (V. VIII)
71	Summary of payments to Mr. Ridgway from 5/4/61 to 27/6/62		2148 (V. VIII)
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77	Copy letter Hudson to Symons and annexure	22 May, 1967	1851 (V. VII)
78	Letter Strategic Materials Corporation to Hudson	1 June, 1961	1436 (V. VI)
79	Letter Queensland Mines Limited to Hudson	17 September, 1963	1634 (V. VII)
80	Booklet on the Savage River Project (Photographs accompanying text not reproduced)	Undated	1635 (V. VII)
81	Six letters Industrial & Mining Investigations to Symons	26 June, 1962 20 March, 1963 26 March, 1963 8 April, 1963 18 April, 1963 23 April, 1963	1571 (V. VI) 1572 (V. VI) 1573 (V. VI) 1574 (V. VI) 1575 (V. VI) 1576 (V. VI)
82	Palmer's account with attached Schedule of Expenses	28 April, 1959	952 (V. IV)
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84	Copy letter Factors Limited to Palmer Copy letter Palmer to Factors Limited	2 June, 1959 5 June, 1959	1145 (V. V) 1146 (V. V)
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103	Minutes of meeting of Directors of Factors Limited	4 October, 1961	1510 (V. VI)
104	Minutes of meeting of Directors of Factors Limited	1 November, 1961	1514 (V. VI)
105	Minutes of meeting of Directors of Factors Limited	6 December, 1961	1527 (V. VI)
106	Minutes of meeting of Directors of Factors Limited	7 March, 1962	1547 (V. VI)
107	Minutes of Meeting of Directors of Factors Limited	4 April, 1962	1562 (V. VI)
108	Minutes of meeting of Directors of Factors Limited	12 January, 1959	767 (V. IV)
109	Minutes of meeting of Directors of Factors Limited	15 April, 1959	868 (V. IV)
110	Minutes of meeting of Directors of Factors Limited	29 April, 1959	955 (V. IV)
111	Minutes of meeting of Directors of Factors Limited	24 July, 1959	1159 (V. V)
112	Minutes of meeting of Directors of Factors Limited	2 November, 1959	1184 (V. V)
113	Minutes of meeting of Directors of Factors Limited	29 March, 1960	1204 (V. V)

Exhibit Mark	Description	Date	Page
114	Minutes of meeting of Directors of Factors Limited	1 August,	1960 1263 (V. V)
115	Minutes of meeting of Directors of Factors Limited	3 October,	1960 1298 (V. V)
116	Minutes of meeting of Directors of Factors Limited	28 October,	1960 1329 (V. VI)
117	Minutes of meeting of Directors of Factors Limited	7 February,	1961 1360 (V. VI)
118	Minutes of meeting of Directors of Factors Limited	17 April,	1961 1396 (V. VI)
119	Minutes of meeting of Directors of Factors Limited	30 May,	1961 1430 (V. VI)
120	Minutes of meeting of Directors of Factors Limited	21 June,	1961 1445 (V. VI)
121	Minutes of meeting of Directors of Factors Limited	5 July,	1961 1460 (V. VI)
122	Minutes of meeting of Directors of Factors Limited	24 July,	1961 1466 (V. VI)
123	Minutes of meeting of Directors of Factors Limited	2 August,	1961 1475 (V. VI)
124	Minutes of meeting of Directors of Factors Limited	8 September,	1961 1506 (V. VI)
125	Minutes of meeting of Directors of Factors Limited	10 January,	1962 1535 (V. VI)
126	Minutes of meeting of Directors of Factors Limited	7 February,	1962 1538 (V. VI)
127	Minutes of meeting of Directors of Factors Limited	24 January,	1964 1671 (V. VII)

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Exhibit Mark	Description	Date	Page
128	Minutes of meeting of Directors of Factors Limited	5 March, 1964	1681 (V. VII)
129	Minutes of meeting of Directors of Factors Limited	15 April, 1964	1686 (V. VII)
130	Minutes of meeting of Directors of Factors Limited	12 May, 1964	1694 (V. VII)
131	Minutes of meeting of Directors of Factors Limited	11 September, 1959	1176 (V. V)
132	Minutes of meeting of Directors of Factors Limited	19 November, 1959	1188 (V. V)
133	Prospectus issued by Queensland Mines Limited	18 September, 1967	1854 (V. VII)
134	Certificate of conviction of Stanley Korman	26 October, 1966	1848 (V. VII)
135	List of Directors of Queensland Mines Limited from date of Incorporation up until 1967 with addresses at relevant periods of time		1850 (V. VII)
136	Two volumes of drilling reports by Associated Diamond Drillers Pty. Limited 17/3/1961-1/5/1964 and 1/2/1963 to 25/8/1967 (Not reproduced)		
137	Bundle of correspondence and annexure between Industrial & Mining Investigations Pty. Limited, Associated Diamond Drillers Pty. Limited and Hudson	16 August, 1961 14 December, 1962 2 January, 1963 26 November, 1963 10 February, 1964 13 February, 1964 23 June, 1964 10 July, 1964 10 July, 1964	1480 (V. VI) 1482 (V. VI) 1483 (V. VI) 1488 (V. VI) 1490 (V. VI) 1491 (V. VI) 1492 (V. VI) 1494 (V. VI) 1495 (V. VI)

Exhibit Mark	Description	Date	Page
138	Bundle of correspondence between Department of Mines and Hudson	22 August, 1961	1499 (V. VI)
	Copy Certificate of analysis	31 October, 1961	1501 (V. VI)
		7 September, 1961	1503 (V. VI)
139	Letter Victorian Crown Solicitor to Registrar in Equity together with annexures	11 October, 1974	2140 (V. VIII)
140	Letter from Victorian Deputy Commissioner for Corporate Affairs to the Registrar in Equity together with enclosure	11 October, 1974	2143 (V. VIII)
141	Letter from Victorian Commissioner for Police to Registrar in Equity	14 October, 1974	2145 (V. VIII)
142	Press cutting from "The Mercury" from Mines Department file	22 March, 1961	1380 (V. VI)
143	Bundle of correspondence and telexes between Mallesons, Freehill Hollingdale & Page and Officer in Charge of Victorian Police Department, Fraud Squad	1 July, 1974	2119 (V. VIII)
		1 July, 1974	2120 (V. VIII)
		2 July, 1974	2121 (V. VIII)
		2 July, 1974	2122 (V. VIII)
		4 July, 1974	2123 (V. VIII)
		5 July, 1974	2124 (V. VIII)
		10 July, 1974	2125 (V. VIII)
		19 July, 1974	2126 (V. VIII)
		19 July, 1974	2128 (V. VIII)
		26 July, 1974	2129 (V. VIII)
		31 July, 1974	2130 (V. VIII)
		7 August, 1974	2131 (V. VIII)
		16 August, 1974	2132 (V. VIII)
		13 September, 1974	2133 (V. VIII)
		13 September, 1974	2135 (V. VIII)
144	List of Directors of Kathleen Investments (Australia) Limited with addresses and supplemental information		1868 (V. VII)
145	List of payments from Hudson's working account from 21/3/1961		2150 (V. VIII)

Exhibit Mark	Description	Date	Page
146	Savage River files produced by Kathleen Investments (Australia) Limited (Reproduced as to part only)		2152 (V. VIII)

List of Formal Documents not included in the record

No.	Description of Document	Date	
1.	Plaintiff's Statement of Claim	22 February,	1973
2.	Appearance of First Defendant	14 March,	1973
3.	Appearance of Second Defendant	16 March,	1973
4.	Appearance of Third Defendant	16 March,	1973
5.	Defence of First Defendant	22 May,	1973
6.	Defence of Second Defendant	22 May,	1973
7.	Defence of Third Defendant	22 May,	1973
8.	Notice to Set down for Trial	2 November,	1973
9.	Plaintiff's Notice of the First Defendant to answer Interrogatories	13 May,	1974
10.	First Defendant's verified answers to Plaintiff's Interrogatories	28 June,	1974
11.	Affidavit - B.P. Jones	6 September,	1974
12.	Notice of Motion	6 September,	1974
13.	Notice of Change of Solicitor (Plaintiff)	6 September,	1974
14.	Order	9 October,	1974
15.	Affidavit - J.W. Dwyer	9 October,	1974
16.	9 Subpoenas - production (Plaintiff)	9 October,	1974
25.	4 Subpoenas -- production (Plaintiff)	10 October,	1974
29.	Subpoena - production (Defendant)	11 October,	1974

No.	Description of Document	Date	
30.	Defendant E.R. Hudson's amended verified statement in answer to Interrogatories	11 October,	1974
31.	Subpoena - production (Plaintiff)	14 October,	1974
32.	Notice of Motion	14 October,	1974
33.	Affidavit - B.P. Jones	14 October,	1974
34.	2 Subpoenas - production (Plaintiff)	28 October,	1974
36.	2 Subpoenas - production (Plaintiff)	29 October,	1974
39.	Affidavit - B.P. Jones	9 November,	1976
40.	Notice of Motion	10 November,	1976
41.	Notice of Motion	1 April,	1976
42.	Certificate of Registration as to compliance with order granting Conditional Leave to Appeal	26 March,	1976

IN THE SUPREME COURT

OF NEW SOUTH WALES

EQUITY DIVISION

No. 292 of 1973

QUEENSLAND MINES LIMITED

Plaintiff

ERNEST ROY HUDSON

SAVAGE IRON INVESTMENTS PTY. LTD.

INDUSTRIAL & MINING INVESTIGATIONS

PTY. LTD.

Defendants 10

AMENDED STATEMENT OF CLAIM

1. The plaintiff is a company duly incorporated under the Companies Ordinance of the Australian Capital Territory having its registered office at c/- Macphillamy, Cummins & Gibson, Twelfth floor, National Mutual Centre, Darwin Place, Canberra City.

2. The first defendant, Ernest Roy Hudson, was a director of the plaintiff from 24th June 1959 to 21st December 1971. He was managing director of the plaintiff from 24th June 1959 until March 1961 and from 17th July, 1967 until 6th September 1971. 20

3. The second defendant, Savage Iron Investments Pty. Ltd., is a company duly incorporated under the Companies Act, 1961 of the State of New South Wales on 7th December, 1960 under the then name of Industrial & Mining Investigations Pty. Ltd., which name was on 7th February 1968 changed to Tasmanian Investments Pty. Ltd. and on 13th April, 1968 to Savage Iron Investments Pty. Ltd.

4. The first defendant was at all material times a director and the manager of the second defendant 30

Amended Statement of
Claim

and at all material times, held the majority of the shares issued by the second defendant and had the controlling interest in it.

5. The third defendant, Industrial & Mining Investigations Pty. Ltd. was duly incorporated on the 22nd day of February, 1968 under the Companies Ordinance of the Australian Capital Territory and at all material times, the first defendant was a director of the said third defendant and between 23rd December, 1970 and 29th December, 1971 all the shares of the first defendant in the second defendant company were transferred to the third defendant company. The first defendant is the holder of 159,999 ordinary shares of One dollar (\$1.00) each of the issued capital of the third defendant totalling 160,002 shares and has the controlling interest in it. 10

6. In his capacity as managing director of the plaintiff, the first defendant entered into certain negotiations with the Government of the State of Tasmania and made application to the Department of Mines of the said State for the issue of exploration licences. 20

7. ~~On or about 23rd February, 1961 exploration licences known as EL4/61 and EL5/61 were issued by the said Department of Mines to the second defendant which was then named Industrial & Mining Investigations Pty. Ltd.~~

7. On or about 23rd February, 1961 exploration licences known as EL4/61 and EL5/61 were issued by the said Department of Mines to the first defendant.

8. On or about 13th February, 1962 a meeting of the board of directors of the plaintiff was held at which the first defendant, David Jacob Korman, Ian Kenneth Redpath and Vernon Talbot Gladstone were present and the following minute is contained in the minute book of the plaintiff, signed by the first defendant as chairman: 10

"TASMANIAN IRON ORE: Mr. Hudson gave a lengthy report on the negotiations that had taken place with the Tasmanian Government with regard to developing Iron Ore Deposits in Tasmania.

There was no question of any Promoter's profits in the plan, which envisaged the forming of a company to develop the area.

It was agreed that in view of all the explanations and the large amount of cash that would be required to finance the project, nothing could be gained by pursuing the matter any further." 20

~~9. On 4th June, 1963, the exploration licence EL4/61 was transferred by the second defendant to the first defendant.~~

9. On 31st May 1963, the exploration licence EL4/61 was transferred by the first defendant to the second defendant. 30

10. On 28th January, 1964, the second defendant filed applications for mining leases 4M64, 5M64, 6M64, 7M64, 8M64 and 9M64 in respect of part of the land covered by exploration licence EL4/61.

11. On 24th October, 1964 the rights under applications 4M64 to 9M64 inclusive were transferred by the second defendant to a company known as Pickands Mather & Co. International.

10

12. On 3rd June, 1966, the rights under applications 4M64 to 9M64 inclusive were surrendered and a mining lease granted to Northwest Iron Co. Ltd. and Dahlia Mining Co. Ltd.

~~13. At some time during or prior to 1966, an agreement was entered into between the second defendant, then named Industrial & Mining Investigations Pty. Ltd. and Northwest Iron Co. Ltd. whereby the second defendant was to be paid royalties of 25 cents Australian currency, per gross ton of processed iron ore products won from the mining leases of Northwest Iron Co. Ltd. and Dahlia Mining Co. Ltd.~~

20

13. As from 3rd June, 1966 the interest of Pickands Mather & Co. International in the Option Agreement dated 24th October, 1964 was assigned to Dahlia Mining Co. Limited and Northwest Iron Co. Limited.

~~14. On 28th May 1968, exploration licence EL4/61 was transferred by the first defendant to the second defendant and on 4th June, 1968, again transferred by the second defendant to the third defendant.~~

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14. On 21st May 1968 exploration licence EL4/61 was transferred by the second defendant to the third defendant.

15. The expenses of and incidental to the acquiring of the exploration licence and the exploration and developing thereof in the years 1960 and 1961 were paid by the plaintiff company.

16. The first defendant, Ernest Roy Hudson, utilised the position and knowledge possessed by him as a director of the plaintiff and as managing director of the plaintiff to gain for himself, a profit in respect of the said exploration licences EL4/61 and EL5/61. 10

17. The second and third defendants held the said exploration licence through the utilisation of the position and knowledge possessed by the first defendant as director and managing director of the plaintiff and imparted to the said second and third defendants in his capacity as director and manager of each of the said companies. 20

18. The first defendant, Ernest Roy Hudson, was able to obtain exploration licences EL4/61, EL5/61 and other benefits unknown to the plaintiff by reason of his position as a director of the plaintiff and by reason of his position as managing director of the plaintiff.

19. At all material times, the first, second and third defendants held the said exploration licences 30

Amended Statement of
Claim

EL4/61 and EL5/61 and any mining leases issued in respect of the said land in trust for the sole benefit of the plaintiff which has at all material times been the beneficial owner of the said exploration licences and leases and the profits arising therefrom.

THE PLAINTIFF THEREFORE CLAIMS:-

1. That it may be declared that exploration licences EL4/61 and EL5/61 were at all material times and are held in trust for the plaintiff. 10

2. Order that the first Defendant should account to the plaintiff for all moneys received, profits gained and other benefits received by him from all dealings made or had in respect of the said exploration licences EL4/61 and EL5/61.

3. Order that the first defendant should account to the plaintiff for all moneys received, profits gained and other benefits received by him from exploring, prospecting and/or developing areas covered by licences, leases and other mining Rights that he may have obtained in the State of Tasmania while a director or the managing director of the plaintiff, whether such property was vested in him or in a company in which he held the controlling interest or the benefit thereof. 20

4. Order that the second defendant should account to the plaintiff for all moneys received, profits gained and other benefits received by it from all dealings made or had in respect of the said 30

Amended Statement of
Claim

exploration licence EL4/61 and mining leases granted
in respect thereof.

5. Order that the third defendant should account
to the plaintiff for all moneys received and profits
gained and other benefits received by it from all
dealings made or had in respect of the said explora-
tion licence EL4/61 and mining leases granted in re-
spect thereof.

10

6. That accounts should be taken in respect of the
dealings of the defendants in respect of the said
exploration licences EL4/61 and EL5/61 and mining
leases and applications made in respect of such areas.

7. Order that the defendants and each of them exe-
cute all such documents as may be necessary to vest
in the plaintiff exploration licences EL4/61, EL5/61,
mining leases and benefits of all contracts or agree-
ments relating thereto at present in the name or
names of any or all of the defendants or held in
trust for them.

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8. That the defendants may be ordered to pay the
plaintiff's costs of this suit.

9. That the plaintiff may have such further or
other relief as the nature of the case may require.

TO THE DEFENDANT:

1. You are liable to suffer judgment or an order
against you unless the prescribed form of notice of
your appearance is received in the Registry within
fourteen days after service of this Statement of

30

Amended Statement of
Claim

Claim upon you and you comply with the rules of
Court relating to your defence.

Plaintiff: Queensland Mines Limited of c/-
Macphillamy, Cummins & Gibson,
12th floor, National Mutual Centre
Darwin Place, Canberra City

Solicitor: B.P. Jones of
Allen Allen & Hemsley of 10
2 Castlereagh Street, Sydney

Plaintiff's address for service: 2 Castlereagh Street,
Sydney.

Address of Registry:

Supreme Court
Equity Division
Mena House,
225 Macquarie St. Sydney.

DATED: 14th October 1974.

B.P. Jones
SOLICITOR FOR THE PLAINTIFF. 20

IN THE SUPREME COURT

OF NEW SOUTH WALES

EQUITY DIVISION

No. 292 of 1973

QUEENSLAND MINES LIMITED

Plaintiff

ERNEST ROY HUDSON
SAVAGE IRON INVESTMENTS PTY. LTD.
INDUSTRIAL & MINING INVESTIGATIONS
PTY. LTD.

Defendants 10

AMENDED DEFENCE OF FIRST DEFENDANT

1. In answer to paragraph 6 of the Statement of Claim the first defendant denies the allegations of fact contained therein.
- ~~2. In answer to paragraph 7 of the Statement of Claim the first defendant says that the said exploration licences were issued to the first defendant.~~
2. In answer to paragraph 8 of the Amended Statement of Claim the first defendant denies that the said minute of the meeting of the Board of Directors of the plaintiff held on 3rd February, 1962 contained in the minute book of the plaintiff is signed by the first defendant as Chairman or otherwise and says that the said minute is signed by Mr. V.T. Gladstones. 20
- ~~3. In answer to paragraph 8 of the Statement of Claim the first defendant says that he does not know and cannot admit the allegations of fact contained therein.~~ 30

Amended Defence of
First Defendant

3. In answer to paragraph 15 of the Amended Statement of Claim the first defendant denies the allegations of fact contained therein.

~~4. In answer to paragraph 9 of the Statement of Claim the first defendant says that on or about the 31st May, 1963 Exploration Licence EL/4/61 was transferred by the first defendant to the second defendant.~~

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4. In answer to paragraph 16 of the Amended Statement of Claim the first defendant denies the allegations of fact contained therein.

~~5. In answer to paragraph 13 of the Statement of Claim the first defendant denies the allegations of fact contained therein.~~

5. In answer to paragraph 17 of the Amended Statement of Claim the first defendant denies the allegations of fact contained therein.

~~6. In answer to paragraph 14 of the Statement of Claim the first defendant says that on the 21st May, 1968 Exploration Licence EL/4/61 was transferred by the second defendant to the third defendant.~~

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6. In answer to paragraph 18 of the Amended Statement of Claim the first defendant denies the allegations of fact contained therein.

~~7. In answer to paragraph 15 of the Statement of Claim the first defendant denies the allegations of fact contained therein.~~

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Amended Defence of
First Defendant

7. In answer to paragraph 19 of the Amended Statement of Claim the first defendant denies the allegations of fact contained therein.

~~8. In answer to paragraph 16 of the Statement of Claim the first defendant denies the allegations of fact contained therein.~~

8. In answer to the whole of the Amended Statement of Claim the first defendant says that on or about 20th March, 1962 the plaintiff assigned to Dubar Trading Pty. Limited for consideration all the interest (if any) which it then had in the subject matter of this suit and in the Exploration Licences EL 4/61 and EL 5/61 and in the leases thereafter granted and thereafter by Deed dated 15th October, 1974 Dubar Trading Pty. Limited assigned the same to the second and third defendants for consideration by reason whereof the first defendant says that the plaintiff has no interest to maintain in this suit.

~~9. In answer to paragraph 17 of the Statement of Claim the first defendant denies the allegations of fact contained therein.~~

9. In further answer to the whole of the Amended Statement of Claim the first defendant says that any profit gained or benefit received by him was gained or received by with the knowledge and assent of the plaintiff.

Amended Defence of
First Defendant

~~10.---In-answer-to-paragraph-18-of-the-Statement-of
Claim-the-first-defendant-denies-the-allegations
of-fact-contained-therein.~~

10. In further answer to the whole of the Amended Statement of Claim the first defendant says that the plaintiff is precluded by its laches acquiescence and delay from obtaining the relief sought in this action.

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~~11.---In-answer-to-paragraph-19-of-the-Statement-of
Claim-the-first-defendant-denies-the-allegations
of-fact-contained-therein.~~

11. In further answer to the whole of the Statement of Claim the first defendant says that this action is an action on a cause of action in respect of an alleged breach of trust within the meaning of Section 48 of the Limitation Act, 1969, which cause of action first accrued to the plaintiff earlier than six years prior to the commencement of this action by reason whereof this action is not maintainable by the plaintiff or is an action of account or debt on a cause of action within the meaning of the Statute relating to limitation of actions in force at the expiration of six years after the time when the cause of action first accrued to the plaintiff and before the commencement of this action by reason whereof or by analogy thereto this action is not maintainable by the plaintiff.

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Amended Defence of
First Defendant

12. In further answer to the whole of the Statement of Claim the first defendant says that this action is an action on one or more of the causes of action mentioned in Section 47 of the Limitation Act, 1969, and that the plaintiff first discovered or might with reasonable diligence have discovered the facts giving rise to the said cause or causes of action and that the said cause or causes of action had accrued earlier than twelve years prior to the commencement of this action, by reason whereof this action is not maintainable by the plaintiff. 10

13. Alternatively, in further answer to the whole of the Amended Statement of Claim the first defendant says that this action is an action against a trustee within the meaning of Section 69 of the Trustee Act, 1925-1942 in respect of which action the cause of action first accrued to the plaintiff earlier than six years prior to the commencement of this action by the plaintiff. 20

Solicitor for the first defendant.

Filed November, 1974.

IN THE SUPREME COURT
OF NEW SOUTH WALES
EQUITY DIVISION

No. 292 of 1973

QUEENSLAND MINES LIMITED

Plaintiff

ERNEST ROY HUDSON
SAVAGE IRON INVESTMENTS PTY. LTD.
INDUSTRIAL & MINING INVESTIGATIONS
PTY. LTD.

Defendants 10

AMENDED DEFENCE OF SECOND DEFENDANT

1. In answer to paragraph 6 of the Statement of Claim the second defendant denies the allegations of fact contained therein.

~~2. In answer to paragraph 7 of the Statement of Claim the second defendant says that the said exploration licences were issued to the second defendant.~~

2. In answer to paragraph 8 of the Amended Statement of Claim the second defendant denies that the said minute of the meeting of the Board of Directors of the plaintiff held on 3rd February, 1962 contained in the minute book of the plaintiff is signed by the first defendant as Chairman or otherwise and says that the said minute is signed by Mr. V.T. Gladstones. 20

~~3. In answer to paragraph 8 of the Statement of Claim the second defendant says that it does not know and cannot admit the allegations of fact contained therein.~~ 30

3. In answer to paragraph 15 of the Amended

Amended Defence of
Second Defendant

Statement of Claim the second defendant denies
the allegations of fact contained therein.

~~4.-----In answer to paragraph 9 of the Statement of
Claim the second defendant says that on or about
the 31st May, 1963 Exploration Licence EL/4/61
was transferred by the first defendant to the
second defendant.~~

4. In answer to paragraph 16 of the Amended State- 10
ment of Claim the second defendant denies the
allegations of fact contained therein.

~~5.-----In answer to paragraph 13 of the Statement of
Claim the second defendant denies the allega-
tions of fact contained therein.~~

5. In answer to paragraph 17 of the Amended State-
ment of Claim the second defendant denies the
allegations of fact contained therein.

~~6.-----In answer to paragraph 14 of the Statement of
Claim the second defendant says that on the 20
21st May, 1968 Exploration Licence EL/4/61 was
transferred by the second defendant to the third
defendant.~~

6. In answer to paragraph 18 of the Amended State-
ment of Claim the second defendant denies the
allegations of fact contained therein.

~~7.-----In answer to paragraph 15 of the Statement of
Claim the second defendant denies the allega-
tions of fact contained therein.~~

7. In answer to paragraph 19 of the Amended 30

Amended Defence of
Second Defendant

Statement of Claim the second defendant denies
the allegations of fact contained therein.

~~8.-----In answer to paragraph 16 of the Statement of
Claim the second defendant denies the allega-
tions of fact contained therein.~~

8. In answer to the whole of the Amended Statement
of Claim the second defendant says that on or
about 20th March, 1962 the plaintiff assigned 10
to Dubar Trading Pty. Limited for consideration
all the interest (if any) which it then had in
the subject matter of this suit and in the
Exploration Licences EL 4/61 and EL 5/61 and in
the leases thereafter granted and thereafter by
Deed dated 15th October, 1974 Dubar Trading Pty.
Limited assigned the same to the second and
third defendants for consideration by reason
whereof the second defendant says that the plain-
tiff has no interest to maintain in this suit. 20

~~9.-----In answer to paragraph 17 of the Statement of
Claim the second defendant denies the allega-
tions of fact contained therein.~~

9. In further answer to the whole of the Amended
Statement of Claim the second defendant says
that any profit gained or benefit received by it
was gained or received by with the knowledge and
assent of the plaintiff.

~~10.-----In answer to paragraph 18 of the Statement of
Claim the second defendant denies the allega- 30
tions of fact contained therein.~~

Amended Defence of
Second Defendant

10. In further answer to the whole of the Amended Statement of Claim the second defendant says that the plaintiff is precluded by its laches acquiescence and delay from obtaining the relief sought in this action.

~~11.---In-answer-to-paragraph-19-of-the-Statement-of
Claim-the-second-defendant-denies-the-allega-
tions-of-fact-contained-therein.~~

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11. In further answer to the whole of the Statement of Claim the second defendant says that this action is an action on a cause of action in respect of an alleged breach of trust within the meaning of Section 48 of the Limitation Act, 1969, which cause of action first accrued to the plaintiff earlier than six years prior to the commencement of this action by reason whereof this action is not maintainable by the plaintiff or is an action of account or debt on a cause of action within the meaning of the Statute relating to limitation of actions in force at the expiration of six years after the time when the cause of action first accrued to the plaintiff and before the commencement of this action by reason whereof or by analogy thereto this action is not maintainable by the plaintiff.

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12. In further answer to the whole of the Statement of Claim the second defendant says that this action is an action on one or more of the

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Amended Defence of
Second Defendant

causes of action mentioned in Section 47 of the Limitation Act, 1969, and that the plaintiff first discovered or might with reasonable diligence have discovered the facts giving rise to the said cause or causes of action and that the said cause or causes of action had accrued earlier than twelve years prior to the commencement of this action, by reason whereof this action is not maintainable by the plaintiff. 10

13. Alternatively, in further answer to the whole of the Amended Statement of Claim the second defendant says that this action is an action against a trustee within the meaning of Section 69 of the Trustee Act, 1925-1942 in respect of which action the cause of action first accrued to the plaintiff earlier than six years prior to the commencement of this action by the plaintiff. 20

Solicitor for the second defendant.

Filed November, 1974.

IN THE SUPREME COURT

OF NEW SOUTH WALES

EQUITY DIVISION

No. 292 of 1973

QUEENSLAND MINES LIMITED

Plaintiff

ERNEST ROY HUDSON
SAVAGE IRON INVESTMENTS PTY. LTD.
INDUSTRIAL & MINING INVESTIGATIONS
PTY. LTD.

Defendants 10

AMENDED DEFENCE OF THIRD DEFENDANT

1. In answer to paragraph 6 of the Statement of Claim the third defendant denies the allegations of fact contained therein.

~~2. In answer to paragraph 7 of the Statement of Claim the third defendant says that the said exploration licences were issued to the third defendant.~~

2. In answer to paragraph 8 of the Amended Statement of Claim the third defendant denies that the said minute of the meeting of the Board of Directors of the plaintiff held on 3rd February, 1962 contained in the minute book of the plaintiff is signed by the first defendant as Chairman or otherwise and says that the said minute is signed by Mr. V.T. Gladstones. 20

~~3. In answer to paragraph 8 of the Statement of Claim the third defendant says that it does not know and cannot admit the allegations of fact contained therein.~~ 30

Amended Defence of
Third Defendant

3. In answer to paragraph 15 of the Amended Statement of Claim the third defendant denies the allegations of fact contained therein.

~~4. In answer to paragraph 9 of the Statement of Claim the third defendant says that on or about the 31st May, 1963 Exploration Licence EL/4/61 was transferred by the first defendant to the second defendant.~~

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4. In answer to paragraph 16 of the Amended Statement of Claim the third defendant denies the allegations of fact contained therein.

~~5. In answer to paragraph 13 of the Statement of Claim the third defendant denies the allegations of fact contained therein.~~

5. In answer to paragraph 17 of the Amended Statement of Claim the third defendant denies the allegations of fact contained therein.

~~6. In answer to paragraph 14 of the Statement of Claim the third defendant says that on the 21st May, 1968 Exploration Licence EL/4/61 was transferred by the second defendant to the third defendant.~~

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6. In answer to paragraph 18 of the Amended Statement of Claim the third defendant denies the allegations of fact contained therein.

~~7. In answer to paragraph 15 of the Statement of Claim the third defendant denies the allegations of fact contained therein.~~

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Amended Defence of
Third Defendant

7. In answer to paragraph 19 of the Amended Statement of Claim the third defendant denies the allegations of fact contained therein.

~~8. In answer to paragraph 16 of the Statement of Claim the third defendant denies the allegations of fact contained therein.~~

8. In answer to the whole of the Amended Statement of Claim the third defendant says that on or about 20th March, 1962 the plaintiff assigned to Dubar Trading Pty. Limited for consideration all the interest (if any) which it then had in the subject matter of this suit and in the Exploration Licences EL 4/61 and EL 5/61 and in the leases thereafter granted and thereafter by Deed dated 15th October, 1974 Dubar Trading Pty. Limited assigned the same to the second and third defendants for consideration by reason whereof the third defendant says that the plaintiff has no interest to maintain in this suit.

~~9. In answer to paragraph 17 of the Statement of Claim the third defendant denies the allegations of fact contained therein.~~

9. In further answer to the whole of the Amended Statement of Claim the third defendant says that any profit gained or benefit received by it was gained or received by with the knowledge and assent of the plaintiff.

Amended Defence of
Third Defendant

~~10.---In-answer-to-paragraph-18-of-the-Statement-of~~

~~Claim-the-third-defendant-denies-the-allegations
of-fact-contained-therein.~~

10. In further answer to the whole of the Amended Statement of Claim the third defendant says that the plaintiff is precluded by its laches acquiescence and delay from obtaining the relief sought in this action.

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~~11.---In-answer-to-paragraph-19-of-the-Statement-of~~

~~Claim-the-third-defendant-denies-the-allegations
of-fact-contained-therein.~~

11. In further answer to the whole of the Statement of Claim the third defendant says that this action is an action on a cause of action in respect of an alleged breach of trust within the meaning of Section 48 of the Limitation Act, 1969, which cause of action first accrued to the plaintiff earlier than six years prior to the commencement of this action by reason whereof this action is not maintainable by the plaintiff or is an action of account or debt on a cause of action within the meaning of the Statute relating to limitation of actions in force at the expiration of six years after the time when the cause of action first accrued to the plaintiff and before the commencement of this action by reason whereof or by analogy thereto this action is not maintainable by the plaintiff.

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Amended Defence of
Third Defendant

12. In further answer to the whole of the Statement of Claim the third defendant says that this action is an action on one or more of the causes of action mentioned in Section 47 of the Limitation Act, 1969, and that the plaintiff first discovered or might with reasonable diligence have discovered the facts giving rise to the said cause or causes of action and that the said cause or causes of action had accrued earlier than twelve years prior to the commencement of this action, by reason whereof this action is not maintainable by the plaintiff. 10

13. Alternatively, in further answer to the whole of the Amended Statement of Claim the third defendant says that this action is an action against a trustee within the meaning of Section 69 of the Trustee Act, 1925-1942 in respect of which action the cause of action first accrued to the plaintiff earlier than six years prior to the commencement of this action by the plaintiff. 20

Solicitor for the third defendant.

Filed November, 1974.

IN THE SUPREME COURT

OF NEW SOUTH WALES

EQUITY DIVISION

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}
}

No. 292 of 1973

QUEENSLAND MINES LIMITED

Plaintiff

ERNEST ROY HUDSON
SAVAGE IRON INVESTMENTS PTY. LIMITED
INDUSTRIAL & MINING INVESTIGATIONS
PTY. LTD.

Defendants 10

REPLY

In reply to paragraph 8 of each of the amended defences the Plaintiff says that the purported assignment in the said paragraph referred to as having been made on or about 20th March 1962 was a purported disposition of an equitable interest in Exploration Licences ~~E1/4/61~~ ^{E1/4/61} and ~~E1/5/61~~ ^{E1/5/61} and the Plaintiff further says that the said purported assignment was not in writing signed by the Plaintiff or by anyone acting under the authority, express or implied, of the Plaintiff or by the Plaintiff's agent thereunto lawfully authorised in writing. 20

B.P. Jones
.....
Plaintiff's solicitor.

FILED 14th Nov. 1974.

IN THE SUPREME COURT
OF NEW SOUTH WALES
EQUITY DIVISION

No. 292 of 1973

CORAM: WOOTTEN, J.
MONDAY, 14TH OCTOBER, 1974.

QUEENSLAND MINES LIMITED v. HUDSON & ORS.

MR. HUGHES, Q.C. with MR. DARVELL appeared for the plaintiff.

MR. STAFF, Q.C. with MR. SIMOS and MR. COLLINS appeared for the defendant.

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MR. HUGHES: I seek your Honour's leave to file an amended statement of claim. There is nothing controversial about the proposed amendments because what they do is to take up certain issues raised by the defendants in their respective defences and we agree in effect with certain matters of correction that are contained in paragraphs of those defences. I have furnished my learned friends with a copy of the amended statement of claim and I hand it up to your Honour. The amendments are marked in red ink and the original paragraph struck out in black ink.

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HIS HONOUR: Have you any objection, Mr. Staff?

MR. STAFF: I do not think so. We have not had an opportunity really to look at it but on the basis my friend puts it I would not have any objection to it.

HIS HONOUR: I give you leave to file that.

MR. HUGHES: We have also prepared a copy of the amended statement of claim which has notes in the margin as to what is admitted on the pleadings. I have shown my friends a copy. Perhaps I might first of all ask your Honour to note the admissions on the pleadings. Paragraphs 1 to 5 inclusive of the amended statement of claim are admitted by each of the defendants in their respective defences. When your Honour comes to page 2 of the second copy of the amended statement of claim that I handed up, that is the one with the marginal notations, your Honour will see that in paragraph 7 we allege on or about 23rd February, 1961, exploration licences, known as EL4/61 and EL5/61, were issued by the Department of Mines to the first defendant. That amendment takes up what is in paragraph 2 of the respective defences and simply brings our case into accord with what is said in paragraph 2 of these defences.

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HIS HONOUR: Are the three defences in similar terms?

MR. HUGHES: Yes, they are. The same observation, your Honour, also applies to paragraphs 9, 13 and 14 of the amended statement of claim. In other words we got some dates wrong and some parties wrong and those defendants put us right. We are very grateful.

HIS HONOUR: I have not previously read the statement of claim. Do you want me to read it now?

MR. HUGHES: I would ask your Honour to read it because I do not propose to open this case. The nature of it appears sufficiently from the pleadings. 10

(Mr. Hughes given access to documents produced on subpoena from the Minister for Mines of the State of Tasmania.)

MR. STAFF: Might I just, before my friend proceeds, indicate that of course we have not yet pleaded to the amended statement of claim, having only got it early this morning. We would imagine that my friend's supposition as to what is admitted and denied will probably be right but we have also, some number of months ago, given notice to the plaintiff that it was intended at the hearing to seek leave to add a number of additional defences to those pleaded originally, and perhaps it might be convenient if I drew attention to those. Might I hand your Honour a copy of a re-engrossed defence with an addendum to it described as additional defences. I think my friends have one. It will of course need to be re-done and re-numbered in the light of the present amended statement of claim. 20

HIS HONOUR: You do not want to file this at this stage? 30

MR. STAFF: I think probably not. I think it is probably more convenient to give your Honour a new one in due course but I thought if I just showed your Honour the additional defences it might be convenient at this point of time. They appear from page 3.

MR. HUGHES: Just on this application for leave to amend the defences by adding those new defences, I would like to indicate to your Honour that we sought particulars of the allegations contained in the proposed new paragraphs 12 and 13 and indicated that we wished to see those particulars before defining our attitude to the amendments. All we have received by way of particulars is a draft document headed "Without prejudice". I am not criticising my learned friends for so heading it but we would like to see definitive particulars before finally defining our attitude to the proposed amendments. 40

HIS HONOUR: This is in regard to paragraphs 12, 13 and 14? 50

MR. HUGHES: 12 and 13. So far as the other paragraphs are concerned, we can see no ground for opposing the proposed amendment except that we ask to be protected as to costs, and that of course applies to the amendment to paragraphs 12 and 13, but we would wish to see some definitive particulars which are not "E. & O.E."

HIS HONOUR: When you say you want to be protected as to costs, you are taking up the issues that are raised?

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MR. HUGHES: We are taking issue. Certainly we are taking issue but I have in mind as a contingency that the defence may, for the sake of argument, succeed and succeed only on the basis of one of the new amendments, in which case we would be entitled to some protective order as to costs, in my submission.

HIS HONOUR: I do not think I can say anything at all about that aspect. It is on record. When the various defences are filed, that would have to be debated when we came to the question of costs.

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MR. HUGHES: I would ask your Honour to reserve any question as to costs of the amendment.

HIS HONOUR: What about the particulars?

MR. STAFF: They are in the course of being engrossed. What had happened, your Honour, was that some 3 months after the notice was given that the defences were intended to be added, late last week we were asked for particulars and time was short and Mr. Simos prepared them late on Friday and endorsed them "Without prejudice" so that they might be looked at when they came out in final draft. They will be supplied.

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HIS HONOUR: At the moment you are simply foreshadowing this amended defence and when you have it in a final form and the particulars in a final form, we can then deal with it finally.

(Mr. Hughes tendered a copy letter produced by way of discovery dated 16th August, 1960, from the first defendant as managing director of Queensland Mines to Mr. Symons, Director of Mines, State of Tasmania. It was agreed that the original would be tendered later.)

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(Mr. Hughes tendered the first defendant's answers to interrogatories Nos. 8(a) to 8(d) inclusive, together with Annexure "E" to the plaintiff's interrogatories as amended. Mr. Hughes stated that for the time being he would be working off the amended answers. Mr. Staff objected to the tender of Annexure "E" on the

grounds that it was said to be written by one Stanley Korman and, assuming it otherwise to be relevant to an issue, was not admissible against the present defendants. Mr. Hughes added answer 8(o) to the tender. Mr. Staff maintained his objection. Mr. Hughes pressed the tender on the grounds it was a document produced from the possession of the first defendant on discovery and records the part said to be taken by Queensland Mines, of which the first defendant was at the material times managing director, in relation to the Savage River Iron ore deposits. Mr. Hughes submitted that the production of the document on discovery, and no objection, according to a sworn answer, by the first defendant when it was written or shortly after, added up to a situation of admissibility. Following discussion, Mr. Hughes deferred the tender for the time being.)

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(From the Mines Department file for the State of Tasmania Mr. Hughes tendered a letter dated 16th August, 1960, signed by Mr. Hudson as managing director of Queensland Mines to the Honourable H.J. Symons, Director of Mines; admitted without objection and marked Exhibit "A1"; read by Mr. Hughes.)

(Copy letter dated 30th August, 1960, from Mr. Symons to the managing director, Queensland Mines, (and a photostat of the original of that letter was produced on discovery) admitted without objection and marked Exhibit "A2"; read by Mr. Hughes.)

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(Original letter dated 5th September, 1960, from Queensland Mines to the Director of Mines admitted without objection and marked Exhibit "A3"; read by Mr. Hughes.)

(Letter signed by Mr. E.R. Hudson, the original in the departmental file, dated 31st January, 1961, to the Director of Mines, admitted without objection and marked Exhibit "A4"; read by Mr. Hughes.)

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(Original letter dated 9th February, 1961, signed by Mr. Hudson as managing director of Queensland Mines, to Mr. Symons, taken from the Department's file admitted without objection and marked Exhibit "A5"; read by Mr. Hughes.)

(Mr. Hughes renewed the tender of interrogatories and answers thereto, 8(a) to 8(d) inclusive, 8(e) and Annexure "E". Mr. Staff objected on the grounds that there was no evidence of the signatory but stated he would not have

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any objection if the letter of 26th September, was tendered from the Mines Department file.)

(Original letter of 26th September, 1960, from Stanhill Consolidated Limited to the Director of Mines admitted and marked Exhibit "A6".)

(First defendant's answers to interrogatories 8(a), (b), (c), (d) and (e) admitted and marked Exhibit "B".)

(Working off the amended series of questions and answers, Mr. Hughes tendered answers to interrogatories I, II, III, IV, V, VI(i), VI(ii), VI(ii)(e), VII, VIII; admitted without objection and marked Exhibit "C".) 10

(Interrogatories Nos. 2(a), (d) and (e) and answers thereto admitted without objection and marked Exhibit "D".)

(Minutes appearing at folios Q22 and Q23 of a meeting of directors of the plaintiff company held on 13th February, 1962, admitted without objection and marked Exhibit "E1". Mr. Hughes later added to the tender part of the minutes confirming the minutes of meeting of Directors held on 27th April, 1961. Mr. Hughes read from the minute under the heading "Tasmanian Iron Ore"; "Mr. Hudson gave a lengthy report on the negotiations that had taken place with the Tasmanian Government with regard to developing iron ore deposits in Tasmania. There was no question of any promoters' profits in the plan which envisaged the forming of a company to develop the area. It was agreed that in view of all the explanations and the large amount of cash that would be required to finance the project, nothing could be gained by pursuing the matter any further.") 20 30

(Minutes appearing on folio Q24 of a meeting of directors of the plaintiff company held on 6th June, 1962, tendered. Objected to on the grounds of relevance. Mr. Hughes stated that he was tendering this minute because it recorded a confirmatory resolution made. Mr. Staff withdrew his objection but maintained his objection to the balance of the material. The tender of the balance of the minute was not pressed. Mr. Hughes stated that the minute tendered simply recorded confirmation of the minute of 13th February at a meeting not attended by the first defendant. As appears from the minutes, only Mr. Gladstones and Mr. D. Korman were present. Admitted and marked Exhibit "E2".) 40 50

(Folio Q27 of meeting of directors of plaintiff company of 17th April, 1963, so much thereof as records the reading and confirmation of certain specified minutes, namely minutes of meetings of 6th June, 1962, 15th August, 1962, and 4th December, 1962, the relative one being 6th June, admitted and marked Exhibit "E3". Later Mr. Hughes informed his Honour that the minute tendered on Q27 was of a meeting attended by Mr. Gladstones and Mr. D. Korman as directors and recorded the reading and confirmation of minutes of meeting held on 6th June, 1962, that is to say minutes recorded on folio Q24.) 10

(Mr. Hughes stated that apart from the minute headed "Tasmanian Iron Ore" appearing on folio Q23, he would be seeking to tender certain other minutes on folio Q23 headed "Consultant" and "Consulting Geologist". No objection taken by Mr. Staff.)

(Minute on folio Q2, which is part of the minutes of meeting of directors of the plaintiff held in 24th January, 1959, being the part headed "Managing Director" admitted and marked Exhibit "E4".) 20

(Minutes of meeting of directors held on 24th June, 1959, at folio Q9 under the heading "Minutes" admitted and marked Exhibit "E5".)

(Minute from folio Q10 being minutes of meeting of directors of the plaintiff held on 23rd July, 1959 under the heading "Managing Director" admitted and marked Exhibit "E6".) 30

(Minute from folio Q13, minutes of a meeting of directors held on 15th January, 1960, the relevant minute being under the heading "Minutes", admitted and marked Exhibit "E7".)

(Minute of 1st March, 1961, on folio Q18 under the heading "Managing Director" admitted and marked Exhibit "E8".)

(Minute on folio Q20 of a meeting of directors held 27th April, 1961, under the headings "Consulting Geologist" and "Consultant" admitted and marked Exhibit "E9".) 40

(Exploration Licence No. EL4/61 and two transfer documents admitted without objection and marked Exhibit "F".)

(Short adjournment.)

UPON RESUMPTION:

(Exploration Licence No. EL5/61 and two transfer documents, taken from the Mines Department file, admitted without objection and marked Exhibit "G".)

(Interrogatory No. 3 and the answers thereto admitted without objection and marked Exhibit "H".)

(Copy of agreement provided to the plaintiff by the defendants, undated but expressed as being effective from 24th October, 1964, between Industrial & Mining Investigations Pty. Ltd., of the first part and Pickands Mather & Co. International of the second part and Pickands Mather & Co. of the third part admitted without objection and marked Exhibit "J".) 10

(Mr. Hughes referred his Honour to Section 10 on page 12 and following pages, which section provides for the payment of royalties.)

(Copy of agreement dated 19th November, 1965, provided to the plaintiff by the defendants, between Industrial & Mining Investigations Pty. Ltd, now the second defendant, and the two Pickands Mather companies, admitted without objection and marked Exhibit "K".) 20

(Interrogatories Nos. 4(a) to 4(o) inclusive tendered. Mr. Hughes stated that he prefaced the tender with the observation that it has been agreed, as he understood, that two of these interrogatories are to be treated as if amended. Mr. Hughes commenced reading on page 8.) 30

(Interrogatories 4(a) to 4(o) inclusive and the answers thereto admitted without objection and marked Exhibit "L". It was later noted that the answer to interrogatory 4(d) would be treated as if it was simply "yes" but without any implication arising from the variation. Interrogatory 4(h) later excluded from the tender.)

(Preliminary report to the first defendant by Mr. A.G. Palmer of December 1959 admitted without objection and marked Exhibit "M".) 40

(Interrogatories 5(a), (b) (c), (d), (e) and answers thereto tendered. No. 5(a) later withdrawn. Remainder admitted and marked Exhibit "N".)

(Cheque butt annexed to interrogatory 5 admitted and marked Exhibit "O".)

(Interrogatories 6(a) and (b) and first defendant's answers thereto admitted without objection and marked Exhibit "P".)

(Document annexure "C" referred to in interrogatory No. 6 admitted without objection and marked Exhibit "Q".)

(Interrogatories No. 8 (m) and (n) and answers thereto admitted without objection and marked Exhibit "R".)

(Interrogatories 10(a) to (d) inclusive and answers thereto admitted without objection and marked Exhibit "S".) 10

(Telegram, annexure "G" to the interrogatories, admitted without objection and marked Exhibit "T".)

(Interrogatories No. 13 (a), (c), (d), (e), (g), (h), (k), (l), (m), (n) and answers thereto admitted without objection and marked Exhibit "U".)

(Interrogatory No. 14(e) and answer thereto admitted without objection and marked Exhibit "V".) 20

(Interrogatories No. 15 (c), (d), (e), (f), (g) and answers thereto admitted without objection and marked Exhibit "W".)

(Interrogatories Nos. 16 (a), (b), (c) and answers thereto admitted without objection and marked Exhibit "X".)

(Deed dated 12th May, 1961, between the first defendant and Dubar Trading Pty. Ltd., admitted without objection and marked Exhibit "Y". Mr. Hughes invited his Honour's attention to some of the provisions of Exhibit "Y" and read the clauses (1) to (11).) 30

(Interrogatories No. 18(a) and (d) admitted without objection and marked Exhibit "Z", together with answers thereto.)

(Cheque butts, annexures "P1" to "P5" to the interrogatories, admitted without objection and marked Exhibit "AA".) 40

(Luncheon adjournment.)

UPON RESUMPTION:

(Mr. Hughes tendered so much of the answer to interrogatory 25 as related to the list of expenses marked U2. Admitted and marked Exhibit "AB".)

(Annexed list U2 admitted and marked Exhibit "AC".)

(Folios 53, 55 and 57 of the cash book for April, May and June 1961 of the plaintiff's Sydney imprest account tendered; objected to on the grounds that it was said to be a book of the plaintiff and was not admissible against any of the defendants. Tender pressed on the grounds that from the answer to the interrogatories the defendant has referred specifically to page 55 of the cash book. Cash book marked for identification 1.) 10

(Photostat copy of a letter on Queensland Mines letterhead dated 1st May, 1961, signed by the first defendant and addressed to Mr. A. Pupalidy, coming from Mines Department File No. N225. S.R./2, admitted and marked Exhibit "A7".)

(Interrogatory No. 21A and answer thereto admitted and marked Exhibit "AD".)

(Annexures "Q1" to "Q5" inclusive admitted without objection and marked Exhibit "AE".) 20

(Annexure "R4" to interrogatory 22 and answer thereto tendered. "R4" admitted and marked Exhibit "AF". Mr. Staff objected to the tender of the answer to interrogatory 22 unless the other cheque butts were included; Mr. Hughes admitted the objection and tendered cheque butts R1, R2, and R3. Exhibit "AF" then became cheque butts R1 to R4. First defendant's answer to interrogatory 23 admitted and marked Exhibit "AG".) 30

(Interrogatory 23 and answer thereto admitted and marked Exhibit "AH".)

(Annexures S1 to S7 inclusive admitted and marked Exhibit "AJ".)

(Annexures T1 to T8 inclusive admitted and marked Exhibit "AK".)

(Interrogatory 24 and answer thereto admitted and marked Exhibit "AL".)

(Interrogatory No. 31 and answers thereto under paragraphs (1), (2) and (3) admitted and marked Exhibit "AM".) 40

(Documents ERH1 to 26 (c) inclusive, covering the documents referred to by Mr. Hudson in paragraph 1 of his answer, documents ERH27 to 29 inclusive, referring to paragraph 2 of the

answer, and documents No. 30 to 32 inclusive covering paragraph 3 of the answer admitted and marked Exhibit "AN".)

(From the documents supplied on discovery the following documents were tendered; photostat copy of a letter dated 3rd March, 1961, from Associated Diamond Drillers Pty. Ltd. to Mr. E.R. Hudson; photostat copy of Mr. Hudson's reply dated 6th March, 1961; photostat of a letter dated 9th March, 1961, from Associated Diamond Drillers to Mr. Hudson; photostat of letter dated 21st March, 1961, from Associated Diamond Drillers to Mr. Hudson; admitted and marked Exhibit "AO". Leave given for the instructing solicitors of Mr. Hughes to remove these letters from the court this afternoon in order to make copies for his brief.) 10

(Bundle of statements of account rendered by Associated Diamond Drillers periodically between 14th April, 1961, and 14th December, 1961, to Queensland Mines Ltd. for drilling work performed on the Savage River, tendered from the documents produced on discovery. Tender objected to on the basis that no suggestion was being made that the accounts were paid by the plaintiff and these are not admissible against the defendants without more. Mr. Staff stated that if Mr. Hughes undertook to prove that they were paid by Queensland Mines, he would concede the position would be different. 20 30

Mr. Hughes stated that he could not give any such undertaking but the documents were shown to come from the possession of the defendants. The inference was they were rendered pursuant to some consensual arrangement. Mr. Hughes stated that he would be tendering weekly drilling reports, again from photostats produced on discovery, from 17th March, 1961 through to 22nd June, 1962, plus one of 1st May, 1964. Objection maintained; discussion on objection.) 40

(Statements of account admitted following objection and marked Exhibit "AP".)

(Weekly drilling reports admitted following objection and marked Exhibit "AQ".)

(Application for lease 4M/64 dated 28th January, 1964 and attached notices, together with Transfer dated 24th October, 1964, tendered; objected to as irrelevant; pressed; admitted and marked Exhibit "AR".)

(Applications for lease 5M/64, 6M/64, 7M/64, 8M/64 and 9M/64 together with attached transfers tendered and made part of Exhibit "AR".)

(Copy of indenture of lease dated 3rd June, 1966, between the Minister for Mines in the State of Tasmania as lessor and Northwest Iron Co. Ltd. and Dahlia Mining Co. Ltd. as lessees tendered and marked Exhibit "AS".)

(Memorandum and Articles of Queensland Mines Ltd. tendered; objected to, as the particular set of Memorandum ~~of~~ Articles obliterated relevant Articles; tender deferred.) 10

MR. HUGHES: I am instructed there has been an arrangement between solicitors on both sides that certain documents will be made available as on subpoena. Amongst those documents are the relevant documents of each of the defendant companies. Through an oversight those documents are not in court at the moment so I have not had an opportunity to inspect them. I would want to inspect them to see if I wished to tender anything out of them. There are those documents and the Memorandum and Articles. 20

Another matter that is outstanding is the Assignment by Pickands Mather International, Pickands Mather & Co. or both, of their interests under the option agreement to Northwest Iron and Dahlia. It is a matter which is admitted on the pleadings, but I wanted to sight the Assignment itself.

Those are the three matters outstanding so far as my case is concerned and I cannot do anything at the moment to clear them up. Subject to that, that is the plaintiff's case. 30

HIS HONOUR: Mr. Staff, do you have any objection to proceeding?

MR. STAFF: I would have liked to have known what my friend wanted to tender from Pickands Mather in relation to this Assignment.

MR. HUGHES: Only the Assignment.

MR. STAFF: I do not know who he proposes calling to prove that, the Assignment which we talked of between Pickands Mather & Co. and Dahlia and Northwest Iron, to which we were not parties in any way, because I gather we have not got nor are really concerned with - we admitted that an assignment took place, but it is an assignment between other parties. 40

MR. HUGHES: I may have misunderstood the position,

but I thought that document was going to be made available to us. Anyhow, it is admitted on the pleadings; I will rest on that.

MR. STAFF: There are a number of matters of a documentary nature with which I could happily proceed.

There is a subpoena to Max Richard Laidley Dowling. I understand my learned friend's solicitor tendered an answer to that subpoena.

MR. HUGHES: I produce to the court, and I have instructions to do so on behalf of the addressee of the subpoena, a file of documents. 10

I may say that the subpoenas that have been issued to various people are in common form. Were the documents that are comprised in this folder not of a non-controversial character I would have been compelled to object on the ground of a fishing nature. I want to make plain that by answering this subpoena I am not acceding any point in relation to the sufficiency or validity of the subpoena issued in other cases. 20

As far as Mr. Dowling is concerned there is no objection to the production of those documents.

(Counsel granted access to documents under subpoena from Mr. Dowling.)

MR. STAFF: There is a subpoena addressed to Mr. James Sinclair Milner. (Objected to as being unduly wide; discussion ensued.)

MR. HUGHES: I will take another course. I will produce to the court the only document, according to my instructions, that conceivably falls within the subpoena. I will ask your Honour to read it and I will then make an application to your Honour that it not be shown to the other side until Mr. Hudson goes into the witness box, because it is a document which when fairly read does not support entirely the plaintiff's case, does not cut it down and does not support the case of any of the defendants. I withdraw my objection to the subpoena. 30

(Document produced; matter deferred until tomorrow.) 40

MR. STAFF: The next subpoena is addressed to Kathleen Investments Australia Ltd. and Queensland Mines Ltd. (Counsel granted access to documents in court.)

(Minutes of meetings of directors of the plaintiff company insofar as they have not

yet been tendered between 26th January, 1959, and 22nd May, 1964, inclusive covering folios Q1 to Q29 in minute book tendered; objected to as irrelevant; admitted subject to objection and marked Exhibit 1.)

(Photostat copy of agreement of 20th January, 1959, between Australasian Oil Exploration Ltd., Factors Ltd. and Francis Alfred Ross McBain tendered and marked Exhibit 2.)

(Further hearing adjourned to 10 a.m., Tuesday, 10 15th October, 1974.)

IN THE SUPREME COURT
OF NEW SOUTH WALES
EQUITY DIVISION

No. 292 of 1973

CORAM: WOOTTEN, J.

QUEENSLAND MINES LIMITED v. HUDSON & ORS.

SECOND DAY: TUESDAY, 15TH OCTOBER, 1974.

MR. STAFF: Before we proceed there is just one matter that has caused some concern on our part of the table. This morning's issue of the Financial Review contains a report of some of yesterday's proceedings. Amongst the report it is said that the minutes - and I am just looking for the first time - I think what was indicated to me is what is not reflected in the report. The report says that the statement of claim alleged that the minute of 13th February, 1962 was signed by Mr. Hudson. I see that in fact that is what the statement of claim alleges although the minutes tendered do not reflect the allegation in the statement of claim. I should not have raised the matter. The report is perfectly accurate in what it says. 10 20

HIS HONOUR: I know there was a misprint in the body of it in that it said "parameters of profit" instead of "promoters' profits". I doubt whether that would do anything except confuse.

MR. STAFF: I would perhaps draw your Honour's attention to the fact that although the statement of claim alleges that the resolution is signed by the first defendant as Chairman, that is in paragraph 8 of the statement of claim, the minute book shows it was signed by Mr. Gladstones in fact, for what it is worth. 30

Before I do resume there was the matter of Mr. Milner's subpoena and the document produced under it.

MR. HUGHES: We have had that document freshly re-typed and that, together with the exhibits that your Honour allowed us to take out yesterday afternoon, are on the way up by messenger at the moment. They have not arrived and as soon as they arrive I will let your Honour know. 40

HIS HONOUR: I do not quite recollect this; at one stage, Mr. Hughes, you were looking for the application for exploration licence. Did you locate that and tender it?

MR. HUGHES: No, your Honour, and as far as we can deduce from our inspection of the Mines Department files, the application consisted merely of that letter of 31st January, 1961.

HIS HONOUR: But the letter says there is an annexed application.

MR. STAFF: I think it will emerge that in fact there was no annexed application. Apparently there was no prescribed form and so none was ever completed although the letter was written on the assumption that one would be completed. I do not know whether, before I resume with the exhibit I was dealing with, my friend might find it convenient to conclude his case. 10

HIS HONOUR: Are you able to do any more at the moment?

MR. HUGHES: No, I am not, because we are having great difficulty in finding a pristine edition of the Memorandum and Articles of Association. We are still searching. We have to pursue our inquiries in Canberra, so that matter is outstanding. The other matter that is outstanding is an inspection of the documents of each of the defendant companies. There was some discussion between the solicitors yesterday afternoon. I do not know whether they are available for my inspection now. 20

MR. STAFF: I do not know what discussion took place with Mr. Jones although Mr. Simos says there was none.

MR. HUGHES: All I am instructed is that a very distinct request was made yesterday afternoon to have made available in Court the minute books and register of books and members of each of the defendant companies. It was said by Mr. Broadley due to an oversight those documents had not been made available in the Court yesterday. There was no dispute as far as I know about the availability of the documents. 30

MR. STAFF: I would imagine that is right but Mr. Broadley unfortunately is not here. Mr. Simos tells me he is secreting those documents in his chambers and he left them behind apparently. We might get somebody to go and get them. 40

MR. HUGHES: In the meantime I can hand up to your Honour the retyped version of that document produced pursuant to the subpoena to Mr. Milner. The significant paragraphs, if I may just say this, are the sixth, seventh and eighth. May I remind your Honour that in one of the interrogatories that was tendered yesterday, Mr. Hudson's relative association

with the company, on whose behalf that letter purports to be written, was mentioned. It is on page 2 in answer to I(h), a reference to Mary Kathleen. I may say that the date on the retype is wrong. I just looked at it; it is two months out. May I hand up to your Honour the original document. I understand the text of the retype has been checked but apparently the date was not.

HIS HONOUR: What is your application?

MR. HUGHES: My application is that inspection of that document be refused to the other side at this stage on the basis that it is a document that relates solely to the plaintiff's case, does not cut it down, does not support the case of any of the defendants, and that in the circumstances, and naturally I do not want to say anything about what is in the document, it would be proper for me to be able to confront Mr. Hudson in cross-examination with that document. 10

HIS HONOUR: What are the principles that are applicable in a situation like this? Are there any? 20

MR. HUGHES: The question whether inspection is to be permitted and if so -

HIS HONOUR: Totally a matter for the discretion of the Judge?

MR. HUGHES: Totally a matter for your Honour's discretion and in my submission, in the interests of the proper elucidation of the facts, neither my learned friends nor their client, Mr. Hudson, should have access to that document before I have had an opportunity first of putting it to him in cross-examination. 30

HIS HONOUR: Mr. Staff, unless you have been able to define what the document is and what its contents are, you are going to be handicapped in making submissions about it.

MR. STAFF: The situation is of course with respect, quite extraordinary that here someone who is not a party should put the document in the hands of one party concealing it from the other, and no doubt in putting it in the hands of one party so that that party may seek to restrict its disclosure to the other party. That, we would submit, is prima facie quite contrary to the proper administration of justice and indeed it is a circumstance which we would submit warrants its disclosure. Ordinarily one finds that he who produces the document comes along and makes a claim either to have its production or have access to it after production restricted because it is confidential to him. 40 50

HIS HONOUR: It is not that sort of application.

MR. STAFF: No, and indeed it is not an application by the party who has produced the document. We would submit it is an application by the plaintiff, though made through counsel common to the witness and the plaintiff, and it is an application founded upon some claim to advantage by one party and to the maintenance of that advantage because of the disclosure of the document to it by some third party. We would submit that that is not a circumstance which warrants the refusal of access. The subpoena process is designed to bring documents to the Court so that, insofar as they may bear upon the inquiry before the Court, the parties may have whatever benefit and of course whatever disadvantages flow from inspection. 10

(Discussion ensued.)

HIS HONOUR: I do not propose to make it available at this stage but that is partly in order to give me an opportunity to think about it further and I may possibly alter that decision later, but I propose not to make it available at this stage, Mr. Staff. 20

MR. STAFF: There is only one matter that occurs to me. Of course we are at somewhat of a loss; we do not know what is in the document of course but I wonder whether, since the claims made by my learned friend seem to have been based upon three paragraphs only in what seems to me a considerably longer document, whether your Honour would make the rest of it available.

HIS HONOUR: He particularly drew my attention to those paragraphs, but I would think that the document exists in the whole. I may say that one factor influencing me is that it does appear that the document is not one that you would be able to put in evidence. It does not seem to me to be presenting any handicap to the presentation of your case. 30

(Mr. Hughes returned Exhibits "AO", "AP", and "AQ" which had been removed from the Court in order to have copies made. Mr. Hughes tendered a number of additional weekly drilling reports submitted by Associated Diamond Drillers to Queensland Mines which were not within his knowledge at the time of the previous tender. These documents were among those produced on discovery. Mr. Staff objected to the tender on the same basis as before with the additional remark that most of the reports seemed to be addressed to companies other than Queensland Mines Limited, being addressed to a company described mostly as Queensland Mines (No Liability) with other 40 50

variations. Additional weekly drilling reports now covering the period from 16th March, 1961 to 26th June, 1964 added to Exhibit "AQ".)

MR. HUGHES: There are a number of minutes I would wish to tender from the minute book of the second defendant, Savage Iron Investments Pty. Limited, formerly Industrial & Mining Investigations Pty. Limited. I tender the following minutes; minute of directors' meeting held on 1st August, 1964. That minute refers to the negotiations with Pickands Mather & Company concerning development of the Savage River Iron Ore deposits. There was a resolution that an agreement with that company be executed. I would ask my learned friends to make that agreement available. 10

MR. STAFF: My friend has had a number of documents. He has had everything that has been discovered and we would find difficulty in seeing what this has got to do with the statement of claim. As at present advised, I will object to it. It may be that my friend may wish to amend his statement of claim and make a different case from that which he pleaded. 20

HIS HONOUR: You object to the minutes and not just the agreement?

MR. STAFF: The agreement he refers to, and invited me voluntarily to produce, provoked the comment. I am not sure what the minute is. If its only relevance is its relationship to the agreement, as at present advised we would be disposed to object to it, but I am premature in taking any objection. I did not want it to be thought, if I said nothing, that I was agreeing to produce the agreement. 30

MR. HUGHES: I had in mind in making the request I did make that in paragraphs 17, 18 and 19 of the statement of claim, allegations are made, which are admittedly denied, that the second and third defendants held the exploration licence through the utilisation of the position and knowledge possessed by the first defendant as director and managing director of the plaintiff. 40

(Paragraphs 17, 18 and 19 of the statement of claim read.)

We are entitled to ascertain what the second defendant and indeed the third defendant did with the rights, which according to evidence tendered yesterday were transferred to them respectively at separate times, and if the minutes disclose that one of the things that the second defendant did with the rights or some of them was to make an agreement with Pickands Mather & Company or Pickands Mather 50

International, that agreement becomes a relevant document in the case, and that is why I have asked my learned friends, pursuant to the arrangement that I understood to subsist, to produce the documents as on subpoena.

HIS HONOUR: If you establish your allegation in paragraph 19, does it matter what the defendants did with them afterwards for the purpose of this case?

MR. HUGHES: It may very well matter on the question of what relief shall be obtained, presuming the plaintiff has made out its case. The question of relief has to be determined by your Honour. 10

HIS HONOUR: Will the submission you have made be the same one as you would make in relation to the other minutes of this company that you are proposing to tender?

MR. HUGHES: Yes.

HIS HONOUR: It may be convenient for me to hear Mr. Staff on it now. 20

MR. HUGHES: Other minutes dealing with other matters, for instance the distribution of profits, but the same point would be made.

MR. STAFF: I would submit simply that the statement of claim alleges that these two defendants obtained and held the licence by reason of the utilisation of position and knowledge possessed by the first defendant as a director. If that be made out, of course, there are two possibilities. The plaintiff could have a declaration that the companies, assuming other problems are overcome, hold on trust. If of course the companies got benefits or had benefits then an account might be ordered or, at the election of the plaintiff, damages. But it is nowhere alleged that the corporate defendants acquired any benefits by misuse of the trust which is alleged against them. There is no such allegation. If a case of breach of trust were alleged, of course there might well be defences of a variety of nature available to the corporate defendants. If a case for damages against the corporate defendants for breach of trust were made, then questions of quantum of damage and causation and the like might arise. 30 40

HIS HONOUR: Is this matter Mr. Hughes is now dealing with, the events that led up to the agreement of 24th October, 1964, that is alleged in paragraph 11 of the statement of claim?

MR. STAFF: I do not know, your Honour.

HIS HONOUR: Perhaps you should look at the minute he is now tendering.

MR. STAFF: May I only add, before looking at it, that it is not alleged anywhere in the statement of claim that the transfer of rights under those applications was a breach of trust or a breach of duty.

HIS HONOUR: There are allegations that do constitute a dealing with the property of the plaintiff.

MR. STAFF: By the alleged trustee, but no allegation that that was wrongful. One sees that in paragraph 18 it is charged that Mr. Hudson got benefits by reason of his position as director but nowhere is there a word of allegation that the corporate defendants obtained benefits. One may perhaps, if one goes to the prayers for relief and claims for declaration - but the case should be pleaded. If that claim is sought to be made then there must be an issue of wrongfulness or wrong dealing or the obtaining of benefit against the defendants against whom that claim is made. One sees the contrast between the case made against the individual defendant in paragraph 18 and the absence of any such case alleged against the corporate defendants, and there may be very good reasons for the pleader having drawn the distinction. 10 20

HIS HONOUR: It does in paragraph 17 allege that the first defendant used the information and knowledge which he obtained as director of the plaintiff, in effect in his capacity as manager of the second and third defendants, each of which were, by earlier allegations, substantially controlled. 30

MR. STAFF: Presumably to allege some knowledge; that is, as it were, to give it constructive knowledge. But paragraph 17 does no more than allege that the second defendant held the licence with constructive knowledge of the first defendant's breach of duty. With respect, that is all that that paragraph says and perhaps in consequence when you say it is accountable as a trustee, if it has done anything wrong as a trustee or if either of them have done anything wrong as a trustee. The point we make is that the pleader does not allege that the second and third defendants after they became a trustee, because they took that constructive knowledge of the first defendant --- 40

HIS HONOUR: Don't the trustees have to account for the things they do rightly as well?

MR. STAFF: But they have not got anything. In the absence of some suggestion that they refuse to account or they have got something to account for 50

and if there is a breach of duty alleged against them, then it ought to be alleged distinctly and clearly so that they as trustees can claim ... either by way of the Trustee Act or in other circumstances. There are various statutory defences available to trustees, both express and constructive, in respect of breaches of trust if they have occurred. That is why we submit if what they have subsequently done is to be within the area of inquiry in this proceeding, then the allegations of wrongdoing or breach of trust ought to be made distinctly before a mass of evidence is allowed to be admitted which may or may not establish something, particularly since there is simply not a word of allegation of acquisition or obtaining of benefit by the trustees for themselves. 10

HIS HONOUR: Perhaps it is not spelled out but it seems to be fairly implicit in the whole thing. Paragraph 19, for example, alleges that the plaintiff has been at all material times the beneficial owner of the exploration and licensing leases and the profits arising therefrom and then it goes on and asks for an account of the profits. 20

MR. STAFF: But one finds the difficulty that by failing to spell it out the pleader leaves the defendants in a complete state of mystery as to what is charged against them.

HIS HONOUR: What is charged against them is surely simply what flows from paragraph 17, 18 and 19. There is no allegation that any particular dealing with the licences and leases and so forth had any special significance. It is simply alleged that all of them were, by reason of the circumstances, held to be for the beneficial interest of the plaintiff. 30

MR. STAFF: If that be so, as we would respectfully submit it is, then what they did subsequently is irrelevant to any issue in this case.

HIS HONOUR: It would be a matter before the Master on accounts?

MR. STAFF: It may be, but it is irrelevant here. If any such issue were relevant here, then it could only go to some allegation of breach of trust or wrongful administration. 40

HIS HONOUR: I suppose Mr. Hughes may want to say that there were some profits in respect of which an account could be ordered.

MR. STAFF: He has charged that the first defendant got some. We would submit it simply does not matter if he establishes trusteeship, as it were, against the corporate defendants, then he is entitled to an

account if those defendants have not given him one, without more, as a matter of ordinary trust law and trust obligation.

HIS HONOUR: Are you satisfied with that being noted, Mr. Hughes, then we do not have to go into details of what the defendants did with these things after the events on which you rely to constitute trustees?

MR. HUGHES: Yes, I think I am, but I would like to make my position as clear as possible.

HIS HONOUR: This will be noted.

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MR. HUGHES: In admitted paragraphs of the amended statement of claim it is asserted that the first defendant, Mr. Hudson, was at all material times a director and the manager of the second defendant and at all material times had a controlling shareholding interest.

HIS HONOUR: I think that is admitted.

MR. HUGHES: That is admitted, paragraph 4.

MR. STAFF: Yes.

MR. HUGHES: Then paragraph 5 of the statement of claim is admitted, namely that in the case of the third defendant, the first defendant was a director and between 23rd December, 1970 and 29th December, 1971 all the shares of the first defendant in the second defendant company were transferred to the defendant company. All the shares of the first defendant, Mr. Hudson, in the second defendant, that is Savage, were transferred to the third defendant. The first defendant is the holder of all but three of the issued shares of the third defendant and has a controlling interest in it.

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30

With those allegations admitted, of course it is not just a case of the two defendants, that is the second and third defendants, having constructive notice of any breach of trust on Mr. Hudson's part. It is a case of actual notice because, to use a legally inaccurate but sufficiently descriptive expression, he is in each case the company; and it is on that basis that we allege that the profits and the rights deriving from the exploration licences are in the hands of the companies impressed with a trust. But we had thought to submit that it was relevant to show what the companies had done with the rights that came to them through Mr. Hudson simply on the basis of establishing that, all else being proved in the plaintiff company's favour, it is a case where particular relief would be thought to be made out. In other words, the particular relief would be thought to be appropriate.

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HIS HONOUR: You have it admitted on the pleadings that certain transfers took place and certain agreements were reached and apart from anything else that would seem to establish an occasion -

MR. HUGHES: Yes, if what Mr. Staff has said was noted, I think I can cease taking up time.

HIS HONOUR: I understand Mr. Staff to have conceded that if you do succeed in establishing that the first, second and third defendants or any of them are trustees of exploration licences and leases for the plaintiff, and have not rendered an account in respect of that, it is unnecessary in these proceedings for you to establish the actual profits and dealings that they may have engaged in with the licences and leases in order for you to be entitled to an account. 10

MR. HUGHES: I am content to proceed on that basis, your Honour. Subject then to the Memorandum and Articles being discovered in their original form, that is the plaintiff's case. 20

(Close of case for the plaintiff.)

CASE FOR THE DEFENDANTS:

(Mr. Staff took his Honour to the minute book, and went through the minutes at Q22, Q24, Q25, Q26, Q27, Q28 and a minute of 23rd May.)

MR. STAFF: I think that is the point at which the original tender terminated. Unless my friend wanted it, I did not propose at this point anyway to tender any more of the minutes. It takes the situation to the point at which the original joint venture between Factors Limited and A.O.E. terminated by the sale of Factors shares to Kathleen Investments which, your Honour will hear, I think was the parent of A.O.E. or a substantial shareholder in A.O.E. 30

I might say I propose to call Mr. Symons who has come from Tasmania. I wanted to get him out of the way, if I may so describe it, as he has official engagements in Canberra next week which will make his attendance difficult.

JACK GILROY SYMONS
Sworn and examined:

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MR. STAFF: Q. Mr. Symons, what is your full name?
A. Jack Gilroy Symons.

Q. You are the Director of Mines in the Mines Department, State of Tasmania? A. Correct.

Q. I think you have held that office for a considerable number of years? A. Almost twenty to be precise.

Q. And you at any rate had office in 1959 and in the subsequent years? A. Yes.

Q. I think about the years 1959, 1960, your Minister was Mr. Reece who is now the Premier of Tasmania? A. Yes, that is correct.

Q. I think at that time he was also Premier, was he? A. Correct. 10

Q. Mr. Symons, I think in the earlier part of your life you had been engaged in mining matters in Broken Hill? A. Yes.

Q. And you had, many years ago, there met Mr. Hudson? A. That is so.

Q. One of the defendants in this case? A. Yes.

Q. Now, Mr. Symons, do you recall in 1960 whilst you were in Tasmania, in the course of your duties receiving a letter from Mr. Hudson in connection with the Savage River Iron Ore body? A. Mr. Hudson wrote to me some time in 1960 inquiring about iron ore deposits generally if I remember correctly. The Savage River, or the Rio Tinto deposits as we knew them then, would be no doubt one of them. 20

Q. When that letter was received I think you were away for a few days, were you? A. Yes, I think that was the case.

Q. And upon your return to duty you answered it. Did you thereafter have a telephone call from Mr. Hudson? A. Yes. 30

Q. (Approaches witness.) Mr. Symons, I show you Exhibit "A1", a letter of 16th August, 1960?
A. Yes, I remember that. That would be one of the very early letters.

HIS HONOUR: Would you please keep your voice up, Mr. Symons?

WITNESS: That would be one of the very early letters.

MR. STAFF: Q. I think it is still part of your departmental file? A. Correct. 40

Q. It bears a date stamp and I think your initials

in the box on the top left-hand corner of that date stamp? A. That is correct.

Q. May I then show you Exhibit "A2" which is a letter of 30th August, 1960, copy letter of that date? A. Yes.

Q. Is that a letter which you wrote in reply to the earlier one to Mr. Hudson? A. That is so.

Q. Having looked at those do you recall those two letters as being your first point of contact with Mr. Hudson in relation to Tasmanian iron ore deposits? 10
A. I would believe so.

Q. Following those early letters you had a telephone conversation with Mr. Hudson, Mr. Symons. Can you recall what that telephone conversation was about at this point of time? A. As I recall it he wanted an appointment with the Premier to bring Mr. Korman down to talk to the Premier as to the possibility of establishing a steel industry, at least iron ore export, from Tasmania using probably the Savage River deposits, because as I remember it his research had indicated to him that probably the Savage River deposits were probably about the most likely as being capable of being exploited. 20

Q. Did you say anything to him about getting or arranging an interview with the Premier? A. I did arrange that with the Premier for Mr. Korman - and some other gentlemen I think came down with Mr. Korman. I have forgotten who they were.

Q. Anyway, in the course of this telephone call you told Mr. Hudson that you would arrange the interview? A. Yes. 30

Q. Did you then have some further correspondence with Mr. Hudson? (Approaches witness.) I show you a letter, Exhibit "A3", dated 5th September, 1960. Did you then receive that letter? A. Yes, I remember that when he asked for an interview to come down to see me prior to Mr. Korman coming down with him.

HIS HONOUR: Please try and remember you are not just talking to Mr. Staff but the whole Court. 40

MR. STAFF: Q. Did you then receive a letter dated 26th September, 1960, from Mr. Stanley Korman which is Exhibit "A6", written on behalf of Stanhill Consolidated Limited? A. Yes.

Q. Just have a look at that letter, would you,

Mr. Symons; just a quick look through? A. Yes, I remember that.

Q. Do you recall that letter? A. Yes.

Q. Having received that, I think you then wrote back to Mr. Korman, did you? A. Yes.

Q. On 28th September also? A. Yes, 28th.

Q. And the copy letter which I show you there is the letter which you wrote? A. Yes.

Q. And in it I see you refer to an appointment with the Premier on Friday, October 7th? A. Yes. 10

Q. That had been arranged? A. That had been arranged for him.

Q. By you? A. By me.

Q. About the same time did you receive the letter dated 23rd September, 1960, from Mr. Hudson? A. Yes.

Q. And did you then write the letter also to Mr. Hudson, copy of which is in the file, dated 28th September? A. Yes.

Q. Then just to proceed with the chronology, did you receive a telegram dated 30th September from Mr. Korman which I show you? A. Yes, yes. 20

Q. And a letter dated 3rd October, 1960 written by Mr. Korman, Chairman of Stanhill Consolidated? A. Yes.

Q. Did you then send telegrams, or phonograms I think they are called, to Mr. Korman and to Mr. Hudson as set out on 3rd October, 1960, copies of which are the next letter in the file? A. Yes.

Q. And then another on 5th October, 1960, to Mr. Hudson, all those being in relation to the alteration of the appointment with the Premier which had been arranged? A. Correct. 30

(Letter of 28th September, 1960 from Mr. Symons to Mr. Korman, letter of 23rd September, 1960 from Mr. Hudson to Mr. Symons, letter of 28th September, 1960 from Mr. Symons to Mr. Hudson, telegram of 30th September, letter of 3rd October, 1960 from Mr. Korman to Mr. Symons, two phonograms of 3rd October, 1960 and telegram of 5th October, 1960 tendered; admitted to form part of Exhibit "A" under the number Exhibit "A8".)

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Q. Following that exchange of documents, Mr. Symons, did the meeting with the Premier between Mr. Korman and Mr. Hudson and others take place?

A. It did.

Q. And did you attend that meeting? A. I did.

Q. Can you recall who else was present at that meeting, that is who else other than Mr. Korman, Mr. Hudson, the Premier and yourself? A. I have a vague idea that there was another member of Stanhill, with Mr. Korman. We assumed from Stanhill; and I think there was another member from the Government. It wasn't from my department. I think it was from another department but I am rather hazy on that I'm afraid. 10

Q. No doubt at this point of time you will be hazy about what was said at that meeting? A. Well, fourteen years is a long while.

Q. But to the best of your ability and recollection can you tell us what you are able to recall being said by any of the gentlemen present? If you can, would you name those who said what you can recall? 20

A. I mainly recollect Mr. Korman saying that he was interested in establishing a steel plant in Australia and his investigations had shown that the iron ore deposits in Tasmania would appear to be a potential source of iron ore for that plant. There was a lot of general talk but that was basically the story. He indicated that he was prepared to form a company to develop the resources if they were worthwhile and he wanted to know whether the Premier would grant him an exploration licence with the idea of going ahead to establish the reserves of the Savage River and later the economics of establishing a steel plant there. 30

Q. At this point of time do you remember him saying anything about what his proposal was in relation to the establishment of the industry or of the company to investigate the deposit? A. I'm not sure what - 40

Q. Do you remember him saying anything in greater detail about how he was - I think you did tell us that Mr. Hudson was present? A. Mr. Hudson was present. I think you said Mr. Hudson was there and did I recall anybody else. Mr. Hudson was certainly there.

Q. Just to get it clear in case I missed it, Mr. Hudson, Mr. Korman were present, you and the Premier. You thought someone else from Stanhill, at least with Mr. Korman? A. Yes. 50

Q. And you thought someone else from one of the other Tasmanian departments? A. Yes.

Q. You are not able to recall? A. I can't recall who that would be.

Q. Beyond those people, you are not able to recall anybody else? A. I don't think there was anybody else. It wasn't a large meeting. That seems to be my recollection of who was present.

Q. Do you recall what the Premier said in answer to Mr. Korman's outline of his aim? A. The Premier was very interested in this submission. The Government as such did have some liabilities in that Rio Tinto Australia, which was an exploration company at the time, had asked the Government whether they could supervise the departmental drilling that was being done at Savage River, and the Premier said that obviously he would have to allow Rio Tinto first option as to whether they could go ahead or not. He asked me to make sure that as a result of the discussions that Savage River - I'm sorry, Rio Tinto weren't interested or were prepared to say they were not interested in going ahead before he would give Mr. Korman any reply at all as far as whether a licence would be granted or not. 10 20

Q. Just to clarify the matter, Mr. Symons, I think at this point of time the area known as the Savage River iron ore area had been reserved for mining purposes? A. Correct.

Q. In Tasmania, and had been so for some number of years? A. If I could perhaps put the history of this in its proper order? 30

Q. Yes? A. There was an interest in iron ore deposits in Australia about 1956 or 1957, I think it was. The Department knew that there were some potential sources of iron ore in the State and we reserved all the known ones. The Rio Tinto deposit, which is the one we are talking about, was one of those.

We, the Department, arranged for some scientific work to be done on that. It was mainly airborne magnetic surveys and ground magnetic surveys. They were done by the Government, the Commonwealth Government assisting in that particular exercise, and then the Tasmanian Government decided to drill it. We at that stage had a talk to Rio Tinto because the area that was to be reserved was part of 40

their existing licence, and after consultation with Rio Tinto they agreed that we could withdraw the reserved area from their licence, but they did indicate that they were interested in the iron ore and said if the Department was going to drill it they would like to supervise the drilling and have an opportunity to be kept fully informed on this. And that is how they came into the picture as a supervisor drilling for the Department. The Department paid for it, but they were actually supervising it. Hence Mr. Reece's exercise in asking me to clear it with Rio Tinto before any licence would be considered for any interested party. 10

(Short adjournment.)

UPON RESUMPTION:

Q. Mr. Symons, at the adjournment you had been telling us about a little of the history of the Savage River area and the iron ore body. You had said to his Honour that this area had been reserved. I take it that by that you mean to convey reserved from granting a licence? A. It was reserved from the operations of the Mining Act which means that it cannot be granted to anybody until the reserve is lifted. 20

Q. And this I gather, from what you told us, had been with the object of thoroughly exploring it and implementing Government policy if possible in relation to it? A. That is correct.

Q. May I, before going back to the meeting with the Premier and Mr. Korman, just take you to a little more of the history of the Savage River area. It had been known as an iron ore bearing structure for many years, I think? A. That is so, yes. 30

Q. Since perhaps early in the century? A. It was before that. It was first discovered by a surveyor in 1870 and it was prospected in the 1890's mainly by prospectors thinking of tin and gold in those days. It was looked at again in the '20's, by Hoskins Iron and Steel Company which later became - it was investigated in the '20's by Hoskins Iron and Steel Company I think - I believe was the name - which later became Australian Iron and Steel. It was rejected in those days on account of the impurities in the ore and it was not until the interest in iron ore arose in the fifties that the Department decided to investigate it fully. 40

Q. I think it was also situated some considerable distance from the sea? A. It is very remote.

Q. Approximately how far, Mr. Symons? A. Approximately sixty miles in a direct line.

Q. Now may I take you back to the meeting between Mr. Reece and the other gentlemen, including yourself, with Mr. Korman. You have told us Mr. Korman outlined his proposal or his aims? A. His aims.

Q. Or area of interest. Can you remember anything else that he said about the way in which he might implement that? A. He was talking of forming a company to take this on and to - inasmuch as I understand it, a small company to start off in the exploration stage which would not require a great deal of money. And then he proposed - his proposal as I recall it was to expand then to an Australian-wide - actually a public company in Australia, actually work it as an individual steel producer. His thoughts at that stage I understand were not for a Tasmanian based company. He was thinking in terms of, as I recall it, an operation based in Victoria. The Premier indicated to him - I think the Premier indicated at that stage that it was Government policy that that would not be acceptable to the Government. I am not sure whether the Premier told him at that stage or perhaps I told Mr. Hudson later, or before, but that was known anyway at that stage.

Q. When it was stated was a reason expressed for it? Did you or the Premier say why that was not acceptable? A. No, it was just a cabinet decision, a Governmental decision that that was the case. The obvious inference was that it was more beneficial to Tasmania to have the industry actually based in Tasmania than elsewhere.

Q. The suggestion that it might be based in Victoria was associated with coking problems, was it? A. No, it was based actually on the use of brown coal from Victoria which is not a coking coal anyway.

HIS HONOUR: Q. By "based", do you mean to have the actual steel works in Victoria? A. In Victoria, yes.

MR. STAFF: Q. And at this point when the conference took place with the Premier, there was certainly discussed an intention to have associated with the extraction of ore from Savage River, if it proved possible, associated with it a steel making plant somewhere? A. That is right, a steel-making plant in Tasmania.

Q. In Tasmania, was the Governmental point of view? A. Yes.

Q. In Victoria, had been Mr. Korman's first proposition? A. Yes, that was his thought.

Q. Can you tell us how that discussion concluded? I take it it went for a considerable time? A. That was some considerable time. It was a good part of a day.

Q. Perhaps before I take you to the conclusion of it, can you recall anything more that was said between those present in the course of that meeting about what was proposed? A. I don't recall anything specifically. 10

Q. When the meeting concluded did the Premier say anything about or Mr. Korman say anything about what was to happen next or might happen next? A. The Premier asked me to clear the reserve with Rio Tinto Explorations, as they were known at that time, to make sure that they were prepared to say that they would go ahead with exploration on their behalf or they would drop out of it altogether, and I was to do that which I did. 20

Q. Did the Premier say anything to Mr. Korman or Mr. Hudson on what would happen once you cleared it or depending on what result? A. Once it was cleared, I'm not sure what the Premier actually did say, but he would obviously have to say that that would have to be cleared and then would have to receive a programme, a satisfactory programme from Mr. Korman for us to consider as to whether it was worthwhile.

Q. Do you recall that shortly after that meeting you and I think the under-Treasurer and Commissioner for the Hydro-Electric Commission had some discussions about the general proposal? Don't tell us what those discussions were at this stage? A. After the Premier had received that application he approached the Treasury and then formed a committee comprising the Under-Treasurer, the Commissioner of the Hydro-Electric Commission, and myself to submit a report to the Government as to whether this was a worthwhile suggestion as far as the State was concerned. The Premier possibly did this because he didn't want to be able to say he did all this himself. He wanted some backing. 30 40

MR. HUGHES: Mr. Symons referred to an application.

WITNESS: I am thinking of that letter from Mr. Korman and a verbal application really. It really wasn't an application under the Mining Act at all. It was just a "request" perhaps would be a better word.

MR. STAFF: Q. The letter that Mr. Korman wrote to

you on the "Stanhill" notepaper and the conference you had with the Premier, that is what you had in mind? A. That is what initiated it. The Premier wanted an overall assessment of whether this was feasible or whether the Government could provide the power required and what the overall advantages and disadvantages were as far as his request was concerned.

Q. Do you recall, Mr. Symons, that you had a meeting in October of 1960 with Mr. Binns, the Under-Treasurer, and Mr. Knight, the Hydro-Electric Commissioner, about the matter? A. Yes. 10

Q. I suppose at this point of time you are pretty hazy about the content of that meeting? A. I remember - actually there were several meetings. We sat around a table actually on a number of occasions to argue out the points that were raised, particularly by the Under-Treasurer if I remember correctly.

Q. Do you recall following one of those meetings getting from the Under-Treasurer a memorandum setting out a number of questions as to what the proposal was? A. Yes. 20

Q. And in effect seeking further elucidation?
A. That is correct, yes.

Q. Mr. Symons, I show you a memorandum addressed to you signed by Mr. Binns, I think? A. That is correct.

Q. The Under-Treasurer, dated 18th October, 1960. Do you recall that as a memorandum which came to you from Mr. Binns following one of the meetings to which you have referred? A. I do, yes. 30

Q. And you notice on it there is some ink handwriting? A. Yes, that is my handwriting.

Q. And ticks; that is all your ink notations?
A. That is right, that is all my notation on that.

Q. And again on the next page? A. Except that one (indicates). That is not mine.

Q. You point to a change from the word "company" to "Minister" on page 2 in the typed section of it? A. Yes. 40

Q. And the handwritten notes, are they notes which you made of answers to or notes upon the questions set out in the memorandum? A. As I recall it that would be comments of mine made on suggestions made by Mr. Binns before we went - before I went perhaps to a full meeting.

MR. HUGHES: I cannot hear, Mr. Symons.

MR. STAFF: Comments made or suggestions of comments made for a meeting before he went to the next meeting.

Q. Is that right? A. Before I met the Under-Treasurer and the Hydro-Electric Commissioner as I - I am only inferring - I think I probably made those notes to take to that meeting.

Q. I just recall the first sentence to you which is a reference to a meeting on 17th October in the office of the Hydro-Electric Commissioner. The document apparently followed a meeting? A. It followed one of our meetings and it was - 10

Q. Preceding? A. Preceding another one.

Q. Did you obtain the information, insofar as it is information, which is handwritten from anyone that you can recall? A. No, I think that would be my own thoughts after looking at files. I don't recollect talking to anybody in that particular --- 20

Q. In relation to those particular matters?
A. No.

Q. Did you then, and I show you a memorandum of 8th November, 1960, copy memorandum which appears to have been addressed to the Premier by you, Mr. Binns as Under-Treasurer and the Hydro-Electric Commissioner - was that a document prepared following another meeting by you and with those two gentlemen?
A. That is correct.

Q. That is dated 8th November, 1960? A. Yes. 30

Q. And on the copy or one of the copies of that letter in the file is there a good deal of handwriting of yours? A. There is, quite a lot.

Q. On at any rate the first two pages of that copy? A. Yes.

Q. Can you tell his Honour when that handwriting was put upon that document in relation to the date that the document bears, that is 8th November?
A. My impression, your Honour, is that these were made after I spoke to Mr. Hudson to answer the questions that were raised by that committee. There were several inquiries or queries raised, and I seem to recall that I was in Sydney some time late in 1960 and I spoke to Mr. Hudson about the points that had been raised and I believe the answers - the handwriting here is my answers or the answers that 40

were submitted to those questions that were put forward by the committee.

Q. In other words, based upon the conversations you had with Mr. Hudson and what you were told?

A. Yes.

(Memorandum of 18th October, 1960 and memorandum of 8th November, 1960 admitted without objection and marked Exhibit "A9".)

Q. May we go back to the memorandum of 18th October. Am I correct in saying that the ticks indicate your agreement to the proposal? A. It may be an agreement to the proposal or I thought I knew the answers anyway. 10

Q. There is a question mark against question 4 or notation 4. May we take it that means that was something you still have to determine? A. That is correct.

Q. In your mind? A. I had no answer to that.

Q. Against paragraph 6 you have a note "All ----" -- perhaps you might decipher the handwriting? 20

A. "All, see paragraph 2, to be made available progressively as in the exploration licence". In other words, we would not require all the information to be made available or be passed on immediately. But exploration licences invariably have a requirement in the licence that the Government shall be advised, shall get all the information, but it is not provided in small sections. A final report is usually submitted at the end of a large programme which may be, say, 2 years I think I put here. 30

HIS HONOUR: Q. For the benefit of the transcript would you distinguish between what you are reading out as being on the document and what you added by way of explanation? A. The information that is suggested by the Under-Treasurer would not come piecemeal, it would come in the form of a final report.

HIS HONOUR: I understood what you said. I am just making the point in relation to these documents, if you would distinguish whether you are deciphering or commenting. 40

MR. STAFF: Q. What you had written against that item was "to be made available progressively as in E.L."? A. Yes.

Q. The rest of your answer was an explanation of

the meaning of those somewhat cryptical notes?

A. Yes.

Q. At the foot of the page, I am not sure if it is intended to be under item 8, there is some handwriting. What is the handwriting, without commenting on it? A. To my knowledge it would not have anything to do with 8, but it is a note "investigations to proceed so that government know the answers should construction commence in reference to transport, communications, port and harbour facilities, town construction, water supplies and power". 10

Q. I think against "transport" you have got the word "rail" in brackets and a question mark? A. Yes.

Q. Those were simply notes which you had in mind to discuss? A. Yes.

Q. With your knowledge of the Savage River ore body and the terrain they were questions which you regarded as necessary to be solved before any viable industry could be established? A. Unless they were solved satisfactorily the industry had no chance of going. 20

Q. Under the signature and the words Under Treasurer on page 2 you have got some handwriting. Could you read that? A. "A total finance required by Government and in how many years? Problem of Rio Tinto interest how disposed? (1) reserved areas, (2) exploration licence".

Q. They were just aide-memoires? A. That is correct. 30

Q. They were all matters which you raised with the inter-departmental committee? A. When it met next time.

Q. Which resulted in the memorandum to the Premier of 8th November 1960? A. That is correct.

Q. There are two copies in the file; one bears the handwriting and that is the one which is part of the exhibit. You have told us the handwriting was based upon conversation you had with Mr. Hudson? A. This is how I believe it. I find no other way I can explain it. There must have been answers to the questions I asked Mr. Hudson as a result of the queries raised by that sub-committee. 40

Q. You do recollect you had some subsequent conversation with Mr. Hudson? A. My impression was I spoke to Mr. Hudson some time when I was in Sydney

after that meeting and spoke to him in his office and discussed these questions. As I recollect it, they are the answers I wrote down probably as a result of those at the time.

HIS HONOUR: Q. You say you asked Mr. Hudson?

A. I asked Mr. Hudson.

MR. STAFF: Q. Was this, at a time prior to the letter that Mr. Hudson subsequently wrote making application for the exploration licence? A. This would be prior to it. 10

MR. HUGHES: Prior to the letter of 31st?

WITNESS: If I may elaborate on that, as my memory serves me, it was as a result of talking to Mr. Hudson in his office and answering those questions and the reply from Rio Tinto Australian Explorations saying they were not prepared to proceed with any work within the reserved area that I told Mr. Hudson - or the Premier wrote to Mr. Hudson, I am not sure which - advising him he was prepared to accept an application for an exploration licence. 20

MR. STAFF: Q. I show you the letter of 31st January, 1961, Exhibit "A4", signed by Mr. Hudson and addressed to the Director of Mines. Do you recall that? A. I recall that letter.

Q. That letter was received after you had had your conversation which you recollect as having led you to make the notes on the memorandum? A. That is correct.

Q. Would you assist us in deciphering your handwriting and the meaning, of those notes? Above the words "Mr. Korman might be asked" on page 1 are the words "will -"? A. "Will not be nominees, a technical side some businessman". This obviously does not make sense to me. "Will not be nominees". Mr. Korman asked who would promote the company and who would be the directors. 30

MR. HUGHES: Mr. Hudson was asked?

WITNESS: Mr. Hudson was asked this. Mr. Korman was not asked. I don't think I saw Mr. Korman again. "Will not be nominees, technical side some businessman, very high Australian standard". 40

Q. At this point of time you are not really able to tell us what you intended to record there?

A. No, I can't answer this.

Q. Against the same paragraph in the left hand margin you have the words "Korman only, no family"?

A. Yes, they are the words. "Capital contribution, if any, it is proposed that the Stanhill Group and the Korman family will make the company". I read that that Korman only will be the man involved as far as the finance was concerned, and not the Korman family.

Q. That is what you believed to have been what Mr. Hudson told you? A. I believe that is what Mr. Hudson told me. 10

HIS HONOUR: Q. Above that there seems to be something written in the margin? A. There is a good deal in the margin.

Q. It seems to be partly obscured by a hole? A. There is a figure there for the capital but it has the punch right through the figure. It is something million "M" represents million. Unfortunately the figure has been punched out. 20

MR. STAFF: Q. Below it you have "capital". What is the next word? A. "Dickson and Miles may be names. No vendors and half a million". Miles was a geologist at that time. Keith Miles, he was doing some consulting geological work. It may be his name was mentioned as a consultant geologist but I have no recollection of that.

Q. Then you have got "no vendors". That is in reference to paragraph 2? A. I presume so. "The initial shareholders given preference in final company" are the words below that. 30

Q. Then "big spread in shareholding"? A. Big insurance companies.

Q. What was said about the initial shareholders being given preference in the final company? A. I can't recall that. I would only be guessing as to what that meant.

Q. Then underneath paragraph 3 you have got "yes. No transfer without consent"? A. That answers question 3, as to whether the licence could be transferred without agreement of the company. But a licence can not be transferred without the Minister's consent; there would be control as far as the Government is concerned on that particular point. 40

Q. Then at the top of the page you have got a number of notes? A. They would be in relation to how does the company propose to spend the three

quarters of a million. There would be three months before any work would be done at all.

Q. That is the reference to "three months to start"? A. Yes. "Six months period too small". There was a mention there they had to spend so much in each six months, if I remember correctly.

Q. Under that you have got "two years plus the three months"? A. It was considered that it would take two years to undertake the programme to explore or develop the deposit after three months preliminary standby period. 10

Q. Then you have got "250,000"? A. "On drilling preliminary". In other words, preliminary drilling would take 250,000. The first year would be 250,000 which would virtually all be in drilling.

Q. You are writing in pounds not dollars? A. Yes, that is correct. All pounds.

HIS HONOUR: Q. What is above that to the left? It is something "immediately"? A. "100,000 to be raised immediately". I believe that was Mr. Hudson's understanding. I probably asked him, as I did in a number of other cases, when the money could be forthcoming. I believe that to be in answer to my question, 100,000 to be raised immediately. 20

Q. There is also a word you passed over on the top left hand corner? A. I think it is "preferably".

MR. STAFF: Q. That is referable to three months to start? A. Preferably three months to start.

Q. Two years plus three months? A. Yes. That is my impression. 30

Q. Against 5(a) you have got "O.K."? A. "Who are the company's advisers and associate in Australia. O.K.". They were satisfied their advisers in Australia were satisfactory to the department.

HIS HONOUR: Q. Did they tell you who they were? Who were satisfactory to the department? A. Mr. Hudson at that stage had a consulting geologist employed by him, a Mr. Ridgway. My impression was that the answer to that is that Mr. Ridgway was satisfactory as far as the department was concerned. They knew him as being competent to undertake all his advisory work. In other words I was satisfied that he was able to look after the advisory work. 40

MR. STAFF: Q. Against the word "overseas" you have got "to be directed"? A. To be decided, I think; yes.

Q. Stopping for a moment and digressing, in the previous year had you had some contact and discussion with a geologist called Palmer? A. Yes.

Q. Who had spoken to you in relation to a survey of the Savage River iron ore body that he was doing?

A. Mr. Palmer came, certainly we heard from him before we heard from Mr. Hudson; and he did a survey on iron ore deposits in Tasmania, a survey of the literature of the iron ore deposits in Tasmania.

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Q. Did he tell you at that time whom he worked for? A. No. We asked him who he was representing and he was very vague on that and didn't answer.

Q. Did you subsequently find out who he had been ---? A. We found out later that Mr. Hudson had organised him to do --- (Objected to).

Q. Did Mr. Hudson later have a conversation with you about Palmer? A. Yes.

Q. What did he tell you? A. That he arranged for Mr. Palmer to do a survey of the known ore deposit within the State.

20

Q. Do you think he might have had Mr. Palmer's name in mind also - (objected to).

Q. Have you any recollection of having anyone other than Mr. Ridgway in mind when you wrote the words in handwriting against 5(a) in that statement?

A. No. My impression would be that Mr. Ridgway was the only man associated at that time.

Q. Against paragraph 6 you have got a note "stamp duties" and "yes". I think they are self-explanatory?

30

A. Yes.

Q. Lower down there is "two years plus three", again? A. That would be two years plus three months. The "three" would be months.

Q. That is for the expenditure of the money on the investigations? A. Yes.

Q. Against paragraph (b) on page 2 you have "three" with one circled? A. Yes.

Q. And that is a reference to the three months preliminary? A. We regarded one, I regarded one month as being insufficient to do the preliminary work, I suggested three months.

40

Q. Do you see the pencil words "minimum £250,000

first year"? A. Yes. That is not my writing.

Q. Can you tell us whose writing it is? A. I believe it is written by Mr. Corby, the administrative officer in ---

Q. In your department? A. Yes.

Q. That completes the notes you made on it. Do you recall whether you discussed all the matters that are referred to in this memorandum with Mr. Hudson?

A. I can't recall. The chances are I would have that report in front of me when I was talking to Mr. Hudson, but I may not have asked him all the questions that were concerned there. I can't recall. 10

Q. You recall having had some discussion, you have told us, with Mr. Hudson after that memorandum, in Sydney; after 8th November? A. It would be some time after 8th November when I discussed with him, and I believe I wrote those comments.

Q. Can you recall any further oral or written communication with him prior to 31st January or round about that time? A. I am certain that Mr. Hudson came down to Tasmania some time and it may have been that he brought that application with him, but I would be rather vague on that. I am afraid I am not certain. 20

Q. The letter of 31st January, Exhibit "A4", reached your department and I think your initials appear on the appropriate corner and the date stamp?

A. 9th February, yes.

Q. So you saw it somewhere round about 9th February? A. I believe I saw that correspondence actually on that date because I would see it immediately after the date stamp was put on it, within an hour or two after the date stamp was put on it. 30

Q. That was 9th February? A. Yes.

MR. HUGHES: The letter of 9th February?

MR. STAFF: No, the letter of 31st January bears the date stamp 9th February.

Q. I show you Exhibit "A5", which is a letter of 9th February, 1961 written on Queensland Mines Limited notepaper and signed by Mr. Hudson as managing director. Do you recall receiving that letter in your department and seeing it yourself? A. I obviously saw it. I don't recall at what stage, but I obviously saw it; and it has been 40

received, my initials are on it and it is date stamped. Obviously I saw it.

Q. Would you read it to yourself? A. Yes.

Q. Up to that point of time have you any recollection of ever having heard of Queensland Mines Limited as a company? A. We had heard of them. We had no dealings with them. The only way it had been raised was when we looked up Mr. Korman's status in the industry he was - I am not sure that he wasn't managing director but he was certainly associated with Queensland Mines as a director. 10

Q. You say "when we looked up his status". What do you mean? What do you mean to convey by that? A. We were not certain where Mr. Korman fitted into the picture. We knew of him as a financier in a general way but we were not aware of his specific interest in the mining industry. When he made an application or when he requested to talk to the Premier about mining matters we checked up on what his association was with the mining industry. As I recall it, he was a director of Queensland Mines. If he was not a director he was certainly associated with it. 20

Q. Apart from that context, prior to the letter of 9th February had you ever had any knowledge of Queensland Mines Limited? A. No. I had no dealings with them at all.

Q. Had any of the gentlemen to whom you talked, Mr. Korman or Mr. Hudson or anyone else to whom you talked about the Savage River iron ore deposits, mentioned to you Queensland Mines Limited? A. Mr. Korman always spoke in terms of Stanhill Consolidated. When he spoke to the Premier that was his association with the whole subject. Queensland Mines was not raised at all. 30

MR. HUGHES: By Mr. Korman?

WITNESS: No.

MR. STAFF: Q. Nor by anyone else? A. Not to my knowledge, my memory. 40

Q. Having read the letter of 9th February on Queensland Mines Limited letterhead do you recollect the matter to which it relates? A. As I recall it, Mr. Hudson was interested in taking over some of the departmental equipment that was at Savage River. We had been doing the diamond drilling and part of the programme that was submitted

by Mr. Hudson was to continue doing the drilling where the department had stopped. We had some huts, we had some equipment, and a number of other small items and he asked us could he buy those and take them over to facilitate his operations there. As I recall, we agreed that he could have the use of those and we would just assess the cost or value of them when we had the opportunity.

Q. Is it your recollection that it was in relation to that matter that the letter to which I have referred came in? A. I am straining my memory a good deal, I am afraid, but that is as far as I seem to remember the matter. 10

HIS HONOUR: Q. Had you previously discussed it with Mr. Hudson? A. He would have requested that we make the equipment available to him. It certainly had been discussed.

MR. STAFF: So far as you recollect, had those discussions ever mentioned Queensland Mines as a party? A. No, Queensland Mines did not come at all. 20

MR. HUGHES: I beg your pardon?

WITNESS: Queensland Mines did not come into it at all.

MR. HUGHES: Come into what?

WITNESS: Into our discussions for payment or operations. It was Stanhill Consolidated, I would believe, at that time. Stanhill Consolidated was still the operating company in our minds.

MR. STAFF: On 10th February, did you write a letter in relation to the matter addressed to Mr. Hudson at 16 O'Connell Street? A. Yes. 30

Q. Enclosing a plan of core boxes? A. Yes. The reason for that was that all diamond drill core has to be stored in our department drill store, and we wanted the core to be put in boxes that would fit into our existing standards.

Q. You simply wrote to him "Mr. R. Hudson, 16 O'Connell Street", about that subject matter? A. Yes. 40

Q. I show you a letter dated 17th April, 1961 from Mr. Hudson to you. Do you recall receiving that letter from Mr. Hudson? A. Yes --- I just saw the name, Dr. Miles.

Q. Dr. Miles is mentioned? A. Yes.

Q. About the time that letter was written had you had some discussions with Mr. Hudson about despatching to America a consignment of ore along with coal and limestone for particular metallurgical experiments? A. Yes.

Q. That is part of the subject matter of that letter? A. Yes.

Q. Prior to receipt of that letter two exploration licences had been granted to Mr. Hudson by the department? A. That is correct. 10

Q. I think they were in round about late February?
A. Late February, I think.

Q. I think one was in respect of iron ore?
A. One was in respect of iron ore at Savage River, and the second one was in respect of coal on the east coast.

Q. Savage River is, of course, on the west coast?
A. That is correct. 20

Q. Did you have some correspondence in April with and from Strategic Materials Corporation, an American company? A. We did, yes.

Q. And that was in relation to the testing of iron ore by that company in America? A. That is correct.

Q. And that material is in your file. To go back a little, I show you a letter dated 13th February 1961 on Queensland Mines Limited letterhead signed, I think, by Mr. Hudson, over the words "Managing Director", addressed to you. You received that letter? A. Yes. 30

Q. And also the following one of the 15th March, 1961, on Queensland Mines Limited letterhead signed simply "E.R. Hudson"? A. That is correct.

Q. Without description? A. Yes.

Q. To your mind did those letters written on that letterhead convey anything in particular? (Objected to; pressed; withdrawn.)

Q. I show you in the file what is described as a weekly drilling report with a date stamp on it of 21st April, 1961. Do you recall having received that document? A. Well, I obviously did see it, it is initialled with a date stamp on it. 40

Q. It has your initials? A. It has my initials on it. Many of these come in. It was a requirement of the licence that we had to have a weekly report on any results of drilling, and they would be coming in virtually every week.

HIS HONOUR: Which document is that?

MR. STAFF: It is described as a weekly drilling report, it has the letter "M" and the numbers 2255 in the top righthand corner, date stamped 21st April, 1961. 10

HIS HONOUR: What is the piece of blue paper attached to it?

MR. STAFF: "With the compliments of Queensland Mines Limited".

Q. Do you see in the top lefthand corner it has the words "Queensland Mines Limited". Do you recall having seen that before? A. I remember the correspondence coming in on Queensland Mines paper. I certainly don't remember that. 20

Q. You don't recall whether you saw it or whether you noticed it or not? A. My main impression would be to see what progress they had made in drilling.

(Copy letter dated 10th February 1961 from Mr. Symons to Mr. Hudson tendered and marked Exhibit "A10".)

(Letter dated 13th February, 1961 addressed to Mr. Symons and signed by Mr. Hudson, Managing Director, Queensland Mines Limited, tendered and marked Exhibit "A11".) 30

(Letter dated 15th March, 1961 to Mr. Symons from Mr. Hudson on Queensland Mines Limited letterhead tendered and marked Exhibit "A12".)

(Weekly drilling report bearing date stamp 21st April, 1961 tendered and marked Exhibit "A13".)

MR. STAFF: That document has with it "With compliments of Queensland Mines Limited".

I tender the letter dated 14th April, 1961 from Strategic Materials Corporation to Mr. Symons together with ten pages of annexures. 40

I tender the letter dated 17th April, 1961 from Mr. Hudson to Mr. Symons.

(Luncheon adjournment.)

ON RESUMPTION:

(Letter dated 14th April, 1961 from Strategic Materials Corporation to Mr. Symons together with ten pages of annexures marked Exhibit "A14".)

(Letter dated 17th April, 1961 from Mr. Hudson to Mr. Symons marked Exhibit "A15".)

MR. STAFF: Q. I show you a letter dated 18th April 1961 from Mr. Hudson addressed to you on plain paper, that is without letterhead. Is that a letter which you received from Mr. Hudson about that time? 10
A. Yes.

Q. Your date stamp is 21st April? A. Yes.

Q. Without asking you to read the whole of it, would you look at what is written at the foot of page 3? A. Yes.

Q. Prior to receipt of that letter had you had any discussion with Mr. Hudson or anybody else about the subject matter of that last paragraph? 20
A. Mr. Hudson came over to Hobart, I would think late March, I would not be sure of the dates, to indicate that Mr. Korman had withdrawn or was about to withdraw his support from the whole project. At that stage he requested a slowing down of the programme that had been originally submitted.

Q. That is the exploration? A. Exploration programme. In the original programme there were some \$250,000 (sic) if I remember correctly, to be spent in the first six months; and that involved the use of three diamond drills, if I remember correctly. He said he would not be able to meet that, but would we allow him to proceed with one diamond drill instead of the three, as Mr. Korman's support was now completely gone and he would try to finance it by other means. 30

Q. Did he give you any reason for Mr. Korman's withdrawal? A. I don't recall him mentioning specifically but I do recall that there had been some press publicity about Mr. Korman's financial difficulties, due to a credit squeeze, and Mr. Korman obviously was not able to meet his commitments. 40

Q. Then following that discussion with Mr. Hudson you received the letter I have shown you? A. Yes.

Q. In which there is a reference to Stanhill Consolidated being unable to meet its undertaking to contribute half a million pounds within three months?

A. Yes.

Q. Did you then on 24th April 1961 write to Mr. Pupulidy, Strategic Materials Corporation; and on 24th April to Mr. Hudson himself? A. Yes.

Q. That is about technical matters? A. Yes.

Q. Was there then some correspondence between you and Mr. Pupulidy relating to technical matters connected with the proposed testing of the ore in relation to the Strategic Udy Process? A. Yes, there was. 10

(Letter dated 18th April, 1961 tendered and marked Exhibit "A16".)

(Letter dated 24th April, 1961 from Mr. Symons to Mr. Hudson tendered and marked Exhibit "A17".)

Q. On about 30th May, 1961 did you receive a letter signed by Mr. Hudson written on the letter-head of Industrial & Mining Investigations Pty. Limited? A. Yes, I recall that letter. It is not date stamped for some reason or other. 20

Q. You do have recollections? A. Yes. I remember Dr. Raggatt being mentioned.

Q. Do you remember a draft press announcement was sent along with that letter? A. No.

Q. Would you look at the last sentence? A. I don't recall that. 30

Q. Perhaps if you look at the document headed Draft Statement? A. That is my handwriting so obviously I saw it.

Q. The handwriting is yours? A. The handwriting is mine.

Q. Does that help you to recollect whether that came along with the letter? A. I can't recall it.

Q. Anyway it came to you from somebody? A. Yes.

(Letter dated 30th May 1961 from Mr. Hudson to Mr. Symons tendered and marked Exhibit "A18".) 40

(Undated draft press statement tendered and marked Exhibit "A19".)

Q. On 13th June did you write back to Mr. Hudson in relation to the letter and the suggested press statement? A. Yes, that is my signature, my initials.

Q. You addressed that letter to Mr. Hudson, Industrial & Mining Investigations Pty. Limited?

A. Yes.

10

Q. Was that followed by a letter from Mr. Hudson to you of 9th June 1961? A. Yes.

Q. About the same time or a little later you seem to have received a couple of weekly drilling reports from Associated Diamond Drillers entitled "Drilling for Queensland Mines", in each case? A. Yes.

Q. In fact, you saw those? A. Yes. That one is initialled.

MR. HUGHES: Dated 16th June.

MR. STAFF: Q. So is the other one? A. Both seen by me.

20

Q. On or about 1st June did you receive from Mr. Hudson a letter on the letterhead of Industrial & Mining Investigations Pty. Limited, dated 30th May? A. Yes, I saw that.

Q. And that enclosed a number of communications to people related to the Strategic Udy Corporation proposal, if I may so describe it - four documents? A. Yes.

Q. On or about 22nd June you wrote to Mr. Hudson in reply to his earlier letter? A. Yes.

30

Q. And again on 23rd June? A. Yes.

Q. On about 30th June you saw another drilling report described "Drilling for Queensland Mines Limited"? A. Yes.

Q. Can you identify the signature? A. That is our Chief Metallurgist; W. St.Clare Mansen, our Chief Metallurgist.

Q. There is a memorandum from him to Mr. Hudson dated 26th June followed by a letter from Mr. Hudson on the letterhead of Industrial & Mining Investigations Pty. Limited dated 27th June? A. Yes.

40

Q. There is a letter dated 28th June similarly addressed to the Department of Mines by Mr. Hudson with an enclosure, copy letter from Strategic Udy Corporation; it looks to be signed by Mr. Pupulidy?

A. That is correct. That is his signature as I recognise it.

Q. Then you wrote to Industrial & Mining Investigations Pty. Limited on 30th June, 1961? A. Yes.

Q. Then did you become aware of the press report of questions asked in the House of Assembly? (Objected to; pressed; allowed.) 10

MR. STAFF: It is a press statement in "The Mercury", of 30th June, 1961 of some questions asked in the House of Assembly in Tasmania about the Savage River Iron Ore deposits. (Objected to; allowed.)

(Press report in "The Mercury" dated 30th June, 1961 tendered and marked Exhibit "A20"; document read.)

Q. I take it you became aware of that report? 20
A. Yes.

Q. Do you recall doing anything in relation to the subject matter of that report? A. I remember preparing an answer for the Premier of the questions in the House of Assembly. That question was asked in the House of Assembly and I prepared the reply.

Q. Do you recall becoming aware of a press report in "The Mercury" on Wednesday, 5th July in relation to the same subject matter, reporting that statement in the House of Assembly by the Premier? A. Yes, I remember that one. 30

Q. Is that report the statement which the Premier made in the House based on the material you prepared for him? A. Yes.

(Press report in "The Mercury" dated 5th July, 1961 tendered; objected to; admitted and marked Exhibit "A21".)

(Letter dated 2nd June, 1961 from Mr. Symons to Mr. Hudson tendered and marked Exhibit "A22".) 40

(Letter dated 5th June, 1961 from Mr. Symons to Mr. Hudson, Industrial Mining Investigations Pty. Limited, tendered and marked Exhibit "A23".)

(Letter dated 5th June, 1961 from Mr. Hudson, Industrial & Mining Investigations Pty. Limited, to Mr. Symons tendered and marked Exhibit "A24".)

(Letter dated 13th June, 1961 from Mr. Symons to Mr. E.R. Hudson, Industrial & Mining Investigations Pty. Limited tendered and marked Exhibit "A25".)

(Letter dated 9th June, 1961 from Mr. Hudson, Industrial & Mining Investigations Pty. Limited, to Mr. Symons tendered and marked Exhibit "A26".) 10

(Two weekly drilling reports, each date stamped 26th June, tendered and marked Exhibit "A27".)

(Letter dated 30th May, 1961 from Mr. Hudson, signed for Mr. Hudson on Industrial & Mining Investigations Pty. Limited letterhead, to Mr. Symons, together with four attachments tendered and marked Exhibit "A28".) 20

(Letter dated 22nd June 1961 from Mr. Symons to Mr. Hudson, Industrial & Mining Investigations Pty. Limited, tendered and marked Exhibit "A29".)

(Letter dated 23rd June 1961 from Mr. Symons to Mr. Hudson, Industrial & Mining Investigations Pty. Limited, tendered and marked Exhibit "A30".)

(Letter dated 26th June, 1961, from Mr. W. St.Clare Mansen to Mr. Hudson tendered and marked Exhibit "A31".) 30

(Letter dated 27th June 1961, from Mr. Hudson, Industrial & Mining Investigations Pty. Limited, to the Secretary, Department of Mines, tendered and marked Exhibit "A32".)

(Letter dated 28th June, 1961, from Mr. Hudson, Industrial & Mining Investigations Pty. Limited to the Department of Mines, with an annexure dated 30th June, tendered and marked Exhibit "A33".) 40

(Letter dated 30th June, 1961 from Mr. Symons to Industrial & Mining Investigations Pty. Limited, tendered and marked Exhibit "A34".)

Q. I show you a page and a half of typewritten material headed "draft". Is the handwriting at the top of it yours? A. That is correct.

Q. It is a document you prepared for Mr. Hudson?
A. Yes.

Q. For the purpose of being sent to Strategic Udy in relation to the tests? A. Yes.

Q. There is a letter on 4th July from Mr. Hudson, Industrial & Mining Investigations, to you - on plain technical matters, is it? A. I believe so. 10

Q. Then did you become aware of a press report in "The Examiner", on 13th July, 1961 in relation to a shipment of iron ore from Savage River to America?
A. I believe so.

Q. Is that the press cutting which was published in "The Examiner"? A. I believe so.

Q. Is "The Examiner" a paper that circulated at that time in Hobart? A. It does circulate in Hobart on a limited scale. It is published mainly in the northern part of the State; it serves that part of the State mainly but it does circulate in Hobart. 20

Q. To some extent? A. Yes.

(Press cutting from "The Examiner" of 13th July, 1961 tendered; objected to; admitted and marked Exhibit "A35".)

MR. STAFF: Your Honour will see it mentions Mr. Hudson and Savage River, Tasmanian Steel Investigations, the formation of that company to carry out preliminary investigations, and refers to a consignment of ore sent to the United States for testing. 30

Q. Then is there a letter of 13th July from Mr. Mansen to Mr. Hudson, Industrial & Mining Investigations, in relation to transport expenditure and transport of iron ore and coal to New York?
A. Yes.

(Letter dated 13th July, 1961 from Mr. Mansen to Mr. Hudson, Industrial & Mining Investigations Pty. Limited, tendered and marked Exhibit "A36".) 40

MR. HUGHES: If my learned friend wants to make anything out of these documents that are on the file addressed to Mr. Hudson, I won't object providing

he tells me he is calling Mr. Hudson; but I will object otherwise.

MR. STAFF: I will be calling Mr. Hudson.

Q. On 26th July there was another letter to Mr. Hudson from Mr. Liddy for the Chief Chemist and Metallurgist about technical matters? A. Yes.

Q. There is another letter from you on 1st August to Mr. Hudson of Industrial & Mining Investigations about titanium content and other things? A. Yes. 10

Q. And about the position of bore holes and further diamond drilling, that is diamond drilling that Associated Diamond Drillers were doing? A. Yes.

Q. You addressed that letter to Mr. Hudson, Industrial & Mining Investigations? A. Yes.

Q. Then on 1st August 1961 there is another letter from Mr. Hudson to you; and on the 4th August from you to Mr. Hudson? A. Yes.

(Letter dated 1st August, 1961 from Mr. Hudson to Mr. Symons tendered and marked Exhibit "A37".) 20

(Letter dated 4th August, 1961 from Mr. Symons to Mr. Hudson tendered and marked Exhibit "A38".)

Q. On 7th August, 1961 there is a letter from Mr. Liddy to Mr. Hudson, Industrial & Mining Investigations, setting out analyses of drill core results? A. Yes, I saw that.

Q. That again was the result of diamond drilling done by Associated Diamond Drillers? A. Yes.

Q. There is a letter from you on 18th August to Mr. Hudson in which you remind him that the exploration lease expires on 23rd August and there has been no application for renewal? A. Yes. 30

MR. STAFF: And that was addressed to Mr. Hudson, Industrial & Mining Investigations Pty. Limited.

(Letter dated 18th August, 1961 from Mr. Symons to Mr. Hudson, Industrial & Mining Investigations Pty. Limited tendered and marked Exhibit "A39".)

Q. Then on 4th September there is a letter with enclosure addressed to you from Mr. Hudson, Industrial & Mining Investigations. Do you recall receiving that? A. Yes. 40

Q. On 19th September there is a letter from Mr. Hudson, Industrial & Mining Investigations, enclosing a report by Mr. Ridgway of 18th September?

A. Yes.

Q. Did you see a press report in "The Mercury" of 27th September 1961 in relation to proposed smelting tests of ore from Savage River to be carried out in the United States? A. I believe so.

Q. "The Mercury", is a newspaper which circulates extensively in Tasmania and in Hobart? A. Yes. 10

(Press report from "The Mercury" of 27th September 1961 tendered; objected to; admitted and marked Exhibit "A40".)

Q. With my friend's consent, is that a photocopy of a letter dated 18th August 1961 received by you from Mr. Hudson on Industrial & Mining Investigations letterhead in relation to renewal of the license?

A. That is correct.

Q. And the annexure came with it? A. Yes. 20

HIS HONOUR: That is not part of the file?

MR. STAFF: No.

(Letter dated 18th August 1961 from Mr. Hudson Industrial & Mining Investigations Pty. Limited, to Mr. Symons, and annexure, tendered and marked Exhibit 3.)

Q. We made some reference to smelting tests in the United States. In about October 1961 did you receive a letter from your Chief Metallurgist Mr. Mansen, reporting on the tests which had been carried out in the United States? A. I remember receiving a number of reports, I thought. I certainly received that one. 30

Q. That is one of 29th October, it is handwritten, and there is a typescript which has been made of it? A. Yes.

(Report dated 29th October tendered; objected to; marked for identification 2.)

Q. About 22nd November did you receive from Mr. Hudson a photocopy of a letter from Strategic Udy addressed to Mr. Hudson with an attached report? A. Yes. 40

(Letter from Mr. Hudson dated 16th November

1961 with attached report of same date tendered and marked Exhibit "A41".)

Q. On the 2nd December, 1961 was there published in the Mercury Press a report headed "Steel Industry will be established in Tasmania", format of which I show you? A. I remember that report.

MR. STAFF: I tender that. (Objected to; tender allowed.)

(Press report headed "Steel industry will be established in Tasmania" admitted with objection and marked Exhibit "A42".) 10

Q. About the 2nd January, 1962, I think you received another drilling report headed "Drilling of Queensland Mines Limited"? A. Yes.

Q. About the same date, the 2nd January, did you receive a letter from Mr. Hudson on Industrial Mining Investigations letterhead dated the 21st December?
A. Yes.

Q. With some handwriting on the second page, is that yours? A. That is mine. 20

(Letter dated 21st December, 1961 from Mr. Hudson to Mr. Symons tendered, admitted without objection and marked Exhibit "A43".)

Q. In the years following, that is in 1962 and the years following, I think you continued to have a considerable communication oral and written with Mr. Hudson in relation to Savage River Iron Ore?
A. That is so.

Q. You have told us that earlier Mr. (?) said to Mr. Hudson that Governmental policy was to permit the development of these iron ore deposits in connection with or in association with the steel plant in Tasmania? A. That is right. 30

Q. Did that continue to be Governmental policy to your knowledge in the years following 1959/1960?
A. That was a policy until, I wouldn't be sure of the year, but probably about 1965 or 1966 when Mr. Hudson came along to see the Premier.

Q. Were you present? A. I was present. Mr. Hudson told the Premier that it was almost impossible, as far as he was concerned to get the steel industry going using Savage River iron ore, but it was possible to get a smaller operation making pellets for export and he asked the Premier was he prepared to accept that as an alternative to a steelmaking plant, and the Premier, after due 40

consideration, told him he was prepared to accept that as an alternative.

Q. I take it from what you have said that the decision was not made on the spot? A. It was taken to Cabinet in between times and Mr. Hudson came back to see and was given that reply.

Q. In 1960 when the exploration licence was first granted, I am sorry, 1961, Governmental policy was that there could be developed only in association with the steel making plant? A. The steel making plant in Tasmania. 10

Q. And those licences were renewable in terms of the Mining Act every six months? A. Yes.

Q. And subject to performance and condition?
A. Yes.

Q. You of course were familiar with the Savage River area in which the ore deposits were believed to exist? A. Yes.

Q. And you were familiar with this in 1960, 1961? 20
A. Yes.

Q. I think you have published prior to that, some literature in official publications about it?
A. I have published an article or had published an article in our technical reports - I am not sure of the date, I think it could have been a little bit later, but I'm not sure of the date.

Q. I think you did publish a report on the exploration of the deposits in 1963, which was reprinted in the Department of Mines Tasmania Technical report of that year? A. Correct. 30

Q. I think it was also published in loose leaf form, was it not? A. It was published in technical reports and I think there were some reprints taken off for people who may need it, who required it without requiring the whole of the technical report.

Q. To your knowledge the Tasmanian Department and technical reports publication is circulated in what places? A. It is circulated through all the Australian Universities, Mines Departments, Public Libraries, and there are a number of overseas libraries that also receive it. 40

Q. So that the material contained in it is fairly readily available to anybody interested? A. Yes.

Q. I would just like to go back a short way to

the history of the deposits. You told us this morning something of the history of them. They were indicated by Magnetometer Surveys to be of fairly considerable extent, were they not? A. Correct.

Q. I think you told us also that it was known at any rate that some of the ore had impurities associated with it? A. Yes.

Q. One of those impurities was titanium?

A. Titanium was one of the problem impurities. 10

Q. In the beginning of 1961 was there, to your knowledge, a view, a general view in the steel making industry current in respect of the utilisation of ore containing the substance titanium impurities? (Objected to; allowed.) A. Yes.

Q. What was that view? A. The view was that a percentage of titanium exceeding about a half per cent. made the slag from the blast furnace very viscous and therefore an extremely difficult operation. We could never find any evidence of this being proved in practice, but it was a thought that was circulated at that time. 20

Q. Was it a view currently only in Australia to your knowledge? A. I don't know about overseas, but I know BHP expressed that view.

HIS HONOUR: Q. You have used the phrase that it "was a thought that was circulated". The question put to you was whether it was a largely held belief?

A. To my understanding it was, but only from discussions I had had with BHP people. 30

Q. You only had the one source? A. That's all.

MR. STAFF: Q. And of course they were the only steel makers in Australia at the time? A. Yes.

Q. So the extent of the impurity titanium impurity in this ore was believed to exceed a half per cent. in 1968? A. My report showed that it was about 0.6 per cent.

Q. Mr. Symons would you refresh your memory from this report? A. I am incorrect, the assay and concentrates were around 0.4, so the figure must have been recorded as detrimental impurity must have been lower than that. The average ore from the Savage River, the average concentrates were about 0.4 per cent, so obviously the figure I had in mind was lower, but it was recorded as a detrimental figure at that time. 40

HIS HONOUR: Q. By whom, who told you that? A. It would be one of the exploration men in BHP, but we had a good deal of discussion at that time. I believe too, I wouldn't be sure, with Mr. Neal Raoul who used to be their exploration manager.

Q. At any rate in 1961, prior to the granting of these licences or about that time, did you regard the extent of the impurity titanium that had been found to exist as disadvantageous to the development of the mine or not? A. It created problems in the people who were approached, they used this as an argument why the ore was unsatisfactory. We couldn't find any evidence to prove this, but it was used as a point. 10

HIS HONOUR: Q. By anyone other than ----? A. No only that particular company, because they were the only people we were able to talk with at that time.

MR. STAFF: Q. At any rate you regarded it at that time as a disadvantageous factor yourself, or a problem? A. As far as we were concerned we had no evidence to say that it was, but it was pointed out to us that it was. 20

Q. At that time did you regard it as necessary for anyone seeking to exploit the deposits to spell this out or demonstrate that it was disadvantageous? (Objected to; rejected.)

Q. You have told us also this morning that the deposit was some 60 miles from the coast? A. Yes.

Q. Of course it was dissected by the Savage River which ran to the sea? A. Correct. 30

Q. Was the Savage River a navigable river for the transport of ore? A. The Savage River runs into the Pieman, just below Corina, the Savage is navigable some six miles upstream from the Pieman, but the Savage River is not navigable some forty or fifty yards from the mouth of the Pieman.

Q. It goes into the Pieman on the southern side?
A. On the northern side.

MR. STAFF: Q. Mr. Symons, to your knowledge had, prior to 1961, any iron ore deposits been exploited in Australia at such a distance from the sea? A. No, I think the farthest inland at that time would probably be Iron Knob which is some twenty-five miles inland. 40

Q. Does the distance from the sea have an impact on the economic development of an ore body, iron ore body, I mean? A. Rail costs were regarded as

prohibitive in that particular country.

Q. That is in the Savage area? A. In the Savage River area.

HIS HONOUR: Q. Regarded by whom? A. Our railway people assured us that it was almost impossible to build a railway in that terrain that could handle any substantial quantities of ore.

Q. What happened ultimately? Is it taken by road? A. Taken by pipeline. It is actually pumped to the coast but that was a technique that was developed in the initial stages of the ore body. 10

MR. STAFF: Q. Just on development, Mr. Symons, in fact it was to your knowledge over the years between 1961 and '64 and '65 found uneconomic to contemplate transport of ore to the sea, to the coast, by rail, road or boat? A. Road was considered a possibility, but uneconomically - economically unworkable or unfeasible.

Q. To your knowledge had iron ore been transported previously anywhere in the world by pumping under pressure through a pipeline? A. Pickands Mather who were the people who eventually went ahead with the plant there, had a plant in Canada which was pumping about ten miles from the mine to a port or some place of use. I'm not sure which it was, and they developed that theme or that practice and it was a consequence of that, the development of that process, that Savage River or the actual decision to go ahead with Savage River was made. 20 30

Q. That method of transport of the ore, once mined, was employed at Savage River? A. Yes.

Q. And over a substantially longer distance than ever previously known? A. The previous one was about ten miles long but the Savage River pipeline was about sixty miles long.

Q. Was it in 1961 when the licences were granted, apparent to you that transport difficulties faced any person in seeking to exploit the deposit? A. We regarded it as the major problem. 40

Q. And of course your Department had done some preliminary survey of feasibility of exploitation of the deposits? A. We had done some preliminary ore dressing research work which is written up in that publication you have. We had an understanding of the potential ore reserves. They were not proven by any means and other than transport we considered that all these hurdles could probably be overcome. Transport was one of the big problems in our minds.

Q. Anyway, in any event, to sum up, there were some hurdles to be overcome? A. There were.

Q. You have mentioned some of them. You considered they could all be overcome, but subject perhaps to transport? A. Transport.

Q. And of course the terrain of the area in which the Savage River deposits are found is very, very mountainous? A. It is some of the most mountainous in Tasmania, and therefore some of the most mountainous in Australia. 10

Q. And that gave rise to its own problems, no doubt, of access, development of roads and means of transport? A. That is so.

Q. Both of equipment in and material out of the site? A. Yes.

Q. And of course it, I suppose, looking at it in 1961, added to the probable costs of development of exploration? A. Considerably.

Q. And, would you agree, to the hazards confronting the explorer? A. That is so. 20

Q. You told his Honour a few moments ago that your Department had formed an estimate of the quantities of ore in the body. Had you formed any opinion as to the amount of ore which needed to be proved, if any, before the establishment of a steel plant would be feasible? A. We hadn't formed an opinion ourselves but again I'm not sure where the source was, and it could have been BHP, but the figure was bandied about of about 100,000,000 tons of ore were required before any large expenditure for a steel plant would be justified, and that was one of the reasons why the Department started the drilling in the first place, to see how much ore --- 30

Q. Could be proven? A. Could be proven there.

Q. And I suppose thereby hoping to attract a steel maker? A. Yes.

Q. Some drilling had been done by the time the exploration licences had been granted, I think you told us? A. At the time that the licence was granted I believe the Department had bored approximately ten diamond drill holes. I think it would be ten. It may have been eleven. 40

Q. Can you recall approximately how much ore had been proved at that stage? A. I couldn't answer that at that stage, but it would be nowhere near the required amount.

Q. And after the licence was granted, drilling continued and ultimately proved substantially a body of ore? A. One of the conditions of the licence and the undertakings given by Mr. Hudson was that he would continue drilling to outline the ore body and prove up the substantial quantity of ore in reserves.

Q. By the end of 1964 do you recall what quantity of ore had been proved? A. My own calculations showed if I remember correctly - it would be in that publication - about 110,000,000 I think of what we call higher grade ore and a lesser figure, some 20,000,000, of lower grade ore. 10

Q. Lower grade ore being able to be upgraded by beneficiation? A. Yes.

Q. However the proof of those quantities of ore was a matter of some years' diamond drilling?
A. Oh, many years, yes.

Q. Can you tell us in this area what is the approximate cost in those areas of diamond drilling? 20
A. I couldn't offhand, I'm afraid.

Q. Don't guess. I don't want you to guess?
A. No, I would be guessing. It is very substantial.

Q. It is an expensive job? A. Yes.

Q. And was it necessary also to site holes for access roads to be constructed, tracks? A. The sites of the holes were fixed by information from our geophysical surveys. The tracks had to be actually built to the site selected, not the machine put where the tracks were. You had to do it the other way and the two first holes that were drilled were actually sited by helicopter. We couldn't get a track into there to get any equipment in. 30

Q. So that where you could get tracks in they were made by either the Department or somebody else?
A. They were actually paid for by the Department, and done by contractors who were able to get them in eventually.

Q. After the grant of the licences I think that some of the tracks were, after some years, metallised? A. They were continually upgraded on account of the cost of getting equipment in and the deterioration due to weather. 40

HIS HONOUR: Q. By whom was that paid? A. Up until the stage that Mr. Hudson was granted his licence, that was done by the Department, but after

the licence was granted to Mr. Hudson the responsibility for track making was his. So after the licence was granted to him, sir, all the costs were actually paid by the licence holder, not by the Department.

Q. Was that the matter that you wrote a letter saying Queensland Mines would take responsibility for? A. No, that letter as I recall was for sundry equipment.

MR. STAFF: I think also a drill hole that was being drilled? 10

MR. HUGHES: Don't lead the witness, please, on a point like that. I have been very tolerant about leading, but don't pick him up by leading him.

MR. STAFF: Q. I think from time to time, Mr. Symons, you were aware that drilling had to be suspended through deterioration of tracks by reason of weather conditions and the like? A. If I remember correctly the drilling was suspended during the winter for a number of years in the early stages. I know the Department itself was not able to do drilling in the winter. The condition of access was so bad that it was virtually impossible to get equipment in in the wet season so drilling normally proceeded for six, seven, or eight months a year, and stopped for the balance of the year. 10

Q. And that was before and after? A. Yes.

HIS HONOUR: Q. Mr. Symons, that letter I was referring you to said, "I would like to confirm that this company", and it is on Queensland Mines Limited notepaper, "will accept full responsibility for all costs and expenses in connection with the new drill hole at the Savage River iron ore deposits"? A. Yes. 20

Q. It does not relate to purchase of equipment?

A. There is another letter I believe.

Q. I am talking about this letter. What did that refer to? What was "costs and expenses in connection with the new drill hole"? A. That would be the contracting I would think. That would be the full cost of that. 40

Q. What is the new drill hole? Is that some particular job? A. When Mr. Hudson took the licence over, he continued drilling where the Department had stopped. The Department bored holes 1, to 10 I believe it was, and then Hudson continued on with holes 11, 12; I think it is up to 40-odd.

MR. HUGHES: Up to what?

WITNESS: I think it was about Hole 40, but I wouldn't like to be held to that.

MR. STAFF: Your Honour, there is a reference in the third paragraph of the letter of 9th February to the other matter.

HIS HONOUR: You mean reference to equipment as a separate matter?

MR. STAFF: Yes.

Q. I think the track that had originally been constructed had been made by the Department and up to a standard of a four-wheel drive vehicle? A. That is correct. 10

Q. And then it was gradually upgraded after the licence was granted? A. It was upgraded. I doubt whether it was ever much better than a four-wheel drive track but it was certainly upgraded.

Q. And of course it was extended to new sites?
A. To other drill sites as required.

Q. I think by 1962 the road to the camp site had become accessible for normal vehicles in all weathers? A. That was a reasonable track to the camp site. 20

Q. During 1962, was a bridge built across the Savage River by the licence holder? A. Mr. Hudson built a bridge over the Savage River. I wouldn't be sure what year but if you are reading from my report, that would be factual.

(Report shown to the witness.)

Q. I think about the second paragraph on page 7? A. Yes, that is correct. 30

Q. 1962? A. 1962.

Q. Now we have heard something about the Strategic Udy process, Mr. Symons, and could you tell us did that process provide a method of smelting ore otherwise than in the conventional blast furnace way, using, instead of a blast furnace and coal, electric power. (Objected to on the grounds of not going to laches and witness not being qualified.)

HIS HONOUR: If the witness is competent to explain it, I will permit Mr. Staff to get the explanation. 40

MR. STAFF: Q. Perhaps I can take it step by step. I withdraw that question. Mr. Symons, for the purpose of making steel in a steel making plant,

power of one sort or another is necessary, is it not?

A. Correct.

Q. Ore is smelted by the application of some process of heating? A. Yes.

Q. And conventionally do you know that blast furnaces fired by coal are used for that purpose?

MR. HUGHES: I think they are fired by coke. I may be quite wrong.

MR. STAFF: Q. By coal or a coal product? (Objection to leading.) 10

HIS HONOUR: I thought what you were seeking to do was to qualify the witness, not instruct him.

MR. STAFF: Step by step, yes. We have heard evidence that the requirement was that a steel making plant be established in Tasmania. There were transport difficulties associated with transporting the ore. I am seeking to show that there were difficulties associated with transporting coal or coke if that had to be transported to the site where the ore was. 20

HIS HONOUR: The only matter at the moment is that you have asked this witness to explain a technical process and Mr. Hughes has objected that he is not shown to be qualified to explain that and I said that, subject to you showing he was qualified to explain it, I would permit you to get it.

MR. STAFF: Q. Mr. Symons, do you know what methods there are or were in 1961 of smelting ore which were used in the world? A. The conventional method was a blast furnace using coking coal. Mr. Hudson had problems of costing with coking coal and we asked Mr. Hudson would he look at the Strategic Udy process which didn't need coking coal. It only needed actually coal to provide heat of which Tasmania has plenty of that type of coal, and then uses electricity to refine the steel to its final product. Tasmania had both non-coking coal and hydro-electric power and it was suggested that the Strategic Udy process could be a satisfactory one of obtaining or achieving what we had hoped to achieve. 30 40

Q. Just if I may interrupt you, can you tell us what that process was? A. Strategic Udy process involves a kiln, a rotary kiln, which is fired with a non-coking coal or oil or gas which pre-reduces the charge to a stage where it can be fed into an electric furnace, in the electric furnace making a finer steel instead of a pig-iron as is done in the conventional blast furnace. So it had many advantages to produce the final product actually cheaper

and with less capital cost. It had a further advantage that was the reason why we suggested Mr. Hudson should look at it, in that it reduces the titanium content of the steel. Those tests were done by the Strategic Udy plant. As you will note there, we had quite a lot of correspondence with it and it would do the job, and extremely satisfactorily other than in cost. There were some very severe doubts as to whether the cost would compete with the blast furnace. 10

Q. It was for the purpose of testing the results in applying the Strategic Udy process to Savage River iron ore and Tasmanian coal, - non-coking coal, that shipments of ore and coal were sent to America?

A. Correct.

Q. Do you recall how much iron ore was sent to America, in approximate terms?

MR. HUGHES: It is in the correspondence.

WITNESS: It is all in that thing. I believe it was 100 tons but that would be subject to correction. It was only a small part, sufficient to put a small test parcel through. 20

MR. STAFF: Q. Of course, the costs of transporting it to America were not paid by the Department?

A. No.

Q. Or the Government of Tasmania? A. No.

Q. Mr. Symons, I think it appears from the correspondence that you were made aware of some approaches that Mr. Hudson made to institutions and organisations for financial corporate assistance in relation to the development of the deposits in the years following 1961? A. Mr. Hudson advised me of these. I had had some 'phone calls from people whom Mr. Hudson approached to find out the background of this so I was aware that he had made approaches to Australian organisations to get them interested in the development. 30

Q. During what years were you receiving those calls and inquiries? A. I would be guessing, but 1962 to 1964, certainly prior to Pickands Mather being associated with Mr. Hudson, and certainly after his licence was granted, but '62, '63, '64 would be my impression of that. 40

Q. Mr. Symons, you have I suppose in the course of your duties made yourself familiar in general terms with Australian iron ore deposits generally, have you? A. Yes.

Q. Their size and quantity. You are aware, I take it, of the existence of deposits of iron ore in Western Australia? A. Yes.

Q. What in relation to the Savage River, or how in relation to the Savage River, do those deposits compare? A. The iron ore deposits as known now in Western Australia outweigh Savage River by one hundred to one.

Q. In what respect? A. They are very, very much larger in actual tonnage, they are much higher grade in occurrence, and in most cases they are in more favourable country and transporting material from there is much more favourable. 10

Q. When can you tell us did the extent and nature of those Western Australian deposits, of which you are speaking, become known in relation to the development of the Savage River?

(Objected to on the grounds that it goes to no issue; question allowed; question read.) 20

A. I believe that they were known around about '62 or '61, '61 or '62, but there was no actual diamond drilling or estimate of reserves until about '64 or '65 I would believe. Maybe about '64 I would think. It was certainly after Mr. Hudson's licence was granted that there was much known of the Western Australian deposits.

Q. Can you relate that to a point of time at which Pickands Mather commenced developing the Savage River deposits? A. They came in I think about the time that the Western Australia deposits were becoming - were starting to become comparatively prominent. 30

CROSS-EXAMINATION:

MR. HUGHES: Q. Mr. Symons, do you remember saying this morning in a couple of answers that you gave to my learned friend that Queensland Mines was not mentioned by Korman or anyone else? A. Did I say that?

Q. Yes, I am putting it to you you did. A. I believe I said that I knew Mr. Korman was associated with Queensland Mines. 40

Q. Look, did you not say this morning that the name Queensland Mines was not mentioned by Mr. Korman or anyone else? A. At that meeting with the Premier, I believe so.

Q. You don't mean to suggest, do you, that the name "Queensland Mines" was not freely bandied around in the course of the discussions that you had with Mr. Hudson? A. I don't believe it was.

Q. You don't believe it was? A. I believe it was not.

Q. What? A. I believe it was not.

Q. Not bandied about? A. No.

Q. Was it ever mentioned by Mr. Hudson? A. It must have been mentioned. 10

Q. And frequently? A. I would think not.

Q. More than once in 1960? A. You are taxing my memory but it wasn't used a great deal. We knew by our researching that he was a director of that company.

Q. You knew that Mr. Hudson, did you not, was Managing Director of Queensland Mines? A. Yes.

Q. And you knew him as a man with well-known credentials in the mining world, didn't you? A. When I met him - 20

Q. Would you answer that question? A. No.

Q. You knew Mr. Hudson, did you not -? A. I have answered it "no".

Q. You knew Mr. Hudson had wide connections in the mining world? A. At what date are you talking about?

Q. When he came to see you in 1960? A. No.

Q. When he came to see you in 1960, in September, 1960 in Tasmania, did he not tell you of his connections in the mining world? A. After I had asked him, yes. 30

Q. He told you that he was Managing Director of Queensland Mines, did he not? A. Yes.

Q. He told you that he was Managing Director of Mary Kathleen Investments, or Kathleen Investments? A. I would imagine so.

Q. What? A. I would imagine so.

Q. I don't want your imagination, sir. Did he tell you that or not? A. You are taxing my memory. 40

Q. Your memory is very vague? A. Fourteen years ago is very hard.

Q. You said that at first this morning, didn't you? A. Yes.

Q. And then you developed some quite specific recollections of conversations, didn't you? A. When shown files it does help me.

Q. When did you last look at these files before coming into the witness box? A. They were subpoenaed last week. It would be Thursday. 10

Q. Did you bring the files up to Sydney with you? A. No, they were posted on Friday from Hobart.

Q. You met Mr. Korman once and once only, did you? A. To my knowledge the only time I met him was when he came to see the Premier in 1960, I think it was.

Q. And that visit was the one you mentioned this morning in your evidence? A. Yes, it was one day.

Q. One day, and it was a day in October, 1960? A. That is so. 20

Q. And you think that is the only time you met Mr. Korman? A. That is the only time I can recollect meeting him.

Q. Certainly it was the first time you met him? A. It was certainly the first.

Q. So you first met him, will you agree, after you received his letter of 26th September, 1960 which you identified this morning? A. Yes, that letter came down some time before he came down because he asked for an appointment, asked me to arrange an appointment with the Premier, and then he changed the date a couple of times or the time, and he came down some other date or time, so there was originally the letter and then some telegrams actually changing the date to see the Premier. 30

Q. And it is quite clear, is it, that you read that letter when you got it, the letter of 26th September, 1960, from Mr. Korman? A. Yes.

Q. And you read it carefully, did you? A. I would think so. 40

Q. Because it was a matter of some importance? A. We thought it was, it may lead to something of substantial interest to the State.

Q. You had met Mr. Hudson, had you not, in connection with the Savage River prospect before you received this letter from Mr. Korman? A. Mr. Hudson I believe had been down to Hobart twice before that.

Q. Twice to see you, is that right? A. That is correct.

Q. And on one or both those occasions he mentioned his position as Managing Director of Queensland Mines, didn't he? A. I would imagine he would mention his association with them because I asked him what he was doing, what his interest was in mining. I hadn't seen Mr. Hudson since I left Broken Hill, and when I left Broken Hill he was a lawyer in practice there and I was rather curious what he was doing in mining when he came down to see me. 10

Q. So you asked him about his mining connections? A. I asked what he was doing and what his background was and what he had been doing in that time.

Q. Mr. Symons, in this letter that you got from Mr. Korman dated 26th September, 1960, it was made perfectly clear to you, was it not, that Queensland Mines had involved itself in making an economic study of known iron and coal deposits throughout the Commonwealth of Australia and New Zealand? A. He mentioned that in his letter, yes. 20

Q. Did you accept that statement? A. We had some ---

Q. Did you accept the statement? That is all I am asking? A. We had no reason to do otherwise. 30

Q. You believed it, did you? A. I'm not sure I believed it, no, but we had no proof to say one thing or the other.

Q. You had no cause to disbelieve it? A. No.

Q. So will you agree with this, that you had no cause to disbelieve the statement in Mr. Korman's letter of 26th September, and I am reading from the letter, "Queensland Mines Limited under instructions from this company (that is Stanhill Consolidated) has during the last eighteen months at a cost approximating £100,000 made an economic study of known iron and coal deposits throughout the Commonwealth of Australia and New Zealand as a basis for the establishment of a steel industry and has recommended that such an industry could best be established in Tasmania using iron ore from the Savage River deposits"? A. We had no reason to disbelieve it, no. We wouldn't know what his activities were 40

outside the State, and our only information of what went on within the State was a visit by Mr. Palmer when we asked Mr. Palmer ---

Q. What he was doing and what he was about?

A. He wouldn't expose ---

Q. He wouldn't disclose his principal? A. No.

Q. At all events, when you got this letter from Mr. Korman you accepted the position that Queensland Mines, Mr. Hudson's company, had involved itself, interested itself in investigating iron ore deposits throughout the Commonwealth including iron ore deposits in the Savage River area. (Objected to; question pressed.) 10

Q. The company of which he was Managing Director? (Question to be rephrased.)

Q. To meet my friend's objection that I referred to the company as Mr. Hudson's company, Mr. Symons, in order that we get down to a common basis that won't worry my learned friend, you knew that when you met Mr. Hudson in September 1960 he was Managing Director of Queensland Mines Limited, didn't you? 20
A. Yes.

Q. And you understood when I referred to Queensland Mines as "Mr. Hudson's company", that I was referring to the fact that he was Managing Director of it, didn't you? A. Yes.

Q. Didn't you? A. Yes, although we - if I may add to that, there was no indication from Mr. Hudson that he was acting for Queensland Mines when he came down. 30

Q. But Mr. Korman told you, didn't he, that Queensland Mines under instructions from Stanhill had spent approximately £100,000 in investigating iron ore resources? A. That is what his letter said.

Q. And you accepted that, you told his Honour?

A. We had reservations ---

Q. You have told his Honour that you accepted that?

A. We accepted his letter.

HIS HONOUR: He said he had no reason to doubt it. 40

MR. HUGHES: Q. Did this letter of 26th September, from Mr. Korman, come to you like a bolt from the blue or had you some foreknowledge that it was coming?

A. No, it came quite as a surprise.

Q. Have you been through the Departmental file

E10/11 1961-67 since this subpoena? A. I think I have been led through it this morning.

Q. Not the one you were led through this morning, another file produced on subpoena. You were shown N225? A. I would have to see it. I obviously know those files but most of them - they were all resurrected from archives to be brought to the Court.

Q. You know, don't you, that in one of the Departmental files there is a document headed "Draft Only", being a draft letter or part of a draft letter to you? You know that is in the files, don't you? 10

A. Could I see that? I don't know what you are talking about without seeing that file. Are you prepared to show that to me?

Q. Yes, I would be. (Approaches witness.) First of all, when did you last see that file? A. Last Friday.

Q. Did you go through it? A. No.

Q. Did you go through any part of it? A. I doubt it, no. No, I didn't even go through that. 20

Q. Would you look at that document headed "Draft Only". Now that is an official file of the Mines Department, isn't it? A. This was a letter -

Q. This is an official file of the Mines Department, isn't it? A. Correct.

HIS HONOUR: What is the name of the file? They have names along the spine?

MR. HUGHES: It is called on the front in legible terms E10/11 1961-67. 30

Q. You have seen that document before, haven't you? A. Yes, I have.

(Document m.f.i. 3.)

Q. And you know, don't you, that that document is in substance some - has a considerable part of Mr. Korman's letter to you dated 26th September, 1960? A. I believe it is probably a true copy.

Q. Headed "Draft Only"? A. Because Mr. Hudson ---

Q. Just a minute. It is headed "Draft Only"? 40
A. That is correct.

Q. And you know, don't you, that that document

headed "Draft Only" reflects in its terms much of the contents of Mr. Korman's letter to you of 26th September, 1960, is that right? A. Yes.

Q. When did you last read that document which is now m.f.i. 3 that I have just shown to you? A. I would hate to make a guess.

Q. Mr. Korman never brought that document to you, did he? A. No.

Q. It was Mr. Hudson who brought it to you? 10
A. Mr. Hudson brought it down.

Q. He brought it down, didn't he, to have a cosy little discussion with you as to how you might advise him to frame a letter from Mr. Korman to you as the official head of the Mines Department? A. That is not correct.

Q. Will you agree, Mr. Symons, that Mr. Hudson brought the letter to you in your office in Hobart?
A. I will agree to that. He did that.

Q. And would you agree that he brought it to you, I am talking about m.f.i. 3, before you received the letter dated 26th September, 1960, being Exhibit "A6"? 20
A. I believe that to be not true.

Q. When did Mr. Hudson first see you in 1960 prior to the meeting with the Premier? A. He came to see me, I believe, on two occasions before Mr. Korman went to the Premier. My recollection of that letter is that he came down to see me and asked me had Mr. Korman sent that letter.

Q. But of course ---? A. Just excuse me. My recollection is that Mr. Korman's letter had already been received when Mr. Hudson brought that one down. Now the date stamps will give a clue on that. 30

Q. Curiously enough, it doesn't have a date stamp?
A. Is there a letter that Mr. Hudson brought down with him?

Q. You can search the files to your heart's content. A. As I recall ---

Q. You are not being asked a question. You might just confine your remarks to answering my questions. There is no date stamp on that, is there? A. No. 40

Q. And that is rather a curious feature, isn't it, that there is no date stamp on a document in the official file? Would you answer my question about this document m.f.i. 3? Would you agree with me

that it is a highly curious feature that in this document in the official file, being a document received in your department, it is innocent of a date stamp? A. It is unusual.

Q. Unusual, yes; and it seems to be sandwiched in the file in a rather curious position, doesn't it? A. It certainly does.

Q. On one side of it is a letter dated 12th March, 1962, is that right? A. That is correct. 10

Q. On the other side there is a letter dated 14th March, 1962 and yet it is a document that obviously came into being prior to 26th September, 1960, isn't it? A. It certainly is.

Q. Now, did Mr. Hudson discuss the contents of this document m.f.i. 3 when he came to see you in Hobart in September, 1960? A. Oh, he obviously did, because I ---

Q. Yes, and if he brought this document to you, may we take it that he put it out on the table in front of you and then proceeded to discuss it? 20
A. It would be most unlikely, if he brought it down, if he didn't discuss it.

Q. Of course if he wasn't coming to discuss what would be suitable content for a letter to be written by Mr. Korman about this proposal to develop the deposits, the simple thing for him to have done would be to say, "Hey! Did you get a letter from Stanley Korman dated 26th September, 1960". That would be the simple thing to do? A. Yes. 30

Q. Instead of producing some draft and then saying to you, "Did you get this?" is that right?
A. My impression is he came in and asked about it, and I told him we had already received a letter.

Q. You are very vague about it, aren't you?
A. Oh, I must be.

Q. You see, the letter, the draft letter, m.f.i. 3, would you agree, having a look at Exhibit "A6", stops at the middle of the second page. You can have a look at Exhibit "A6"? A. I haven't compared them. 40

(Shown to the witness.)

Q. You can take it from me that the draft, which is one page, stops at the word "namely" which appears in the middle of page 2 on Exhibit "A6"? A. I see, yes.

Q. Does that help you to refresh your recollection that Mr. Hudson came to seek your advice as to how best to frame a draft letter, how best to frame a letter to be written by Mr. Korman? A. My own recollection still is that we had received Mr. Korman's letter before Mr. Hudson brought that down.

Q. Is there any independent fact in your mind that leads you to that recollection or are you guessing?

A. No, I am certainly not guessing but there is nothing fixed in my mind that I could be positive about it. 10

Q. It is a singularly curious feature, is it not, to find a draft letter from an applicant in a Mines Department file? A. People bring them down and we put them on the file. It is certainly unusual.

Q. Without a date stamp? That is not usual, is it?

A. It is not usual at all. They usually go through our records and a date stamp goes on it.

Q. To put a date stamp on is a matter of high importance? A. Matter of procedure as far as I am concerned. 20

Q. And inflexible procedure? A. Usually, yes.

(Witness stood down.)

(Further hearing adjourned to 10.00 a.m., on Wednesday, 16th October, 1974.)

IN THE SUPREME COURT)
OF NEW SOUTH WALES)
EQUITY DIVISION)

No. 292 of 1973

CORAM: WOOTTEN, J.

QUEENSLAND MINES LIMITED v. HUDSON & ORS.

THIRD DAY: WEDNESDAY, 16TH OCTOBER, 1974.

JACK GILROY SYMONS
On former oath:

(Continuation of cross-examination)

MR. HUGHES:Q. Mr. Symons, I want if I may to take you back over some of the evidence that you gave yesterday and I want to refer the witness, your Honour, to * some questions and answers at pages 28 and 29. In order that he may follow the questions I shall, if my learned friend does not object, provide him with a spare copy of the transcript. Do you remember, Mr. Symons, that yesterday afternoon or yesterday at all events during the course of the questions put to you by my learned friend, Mr. Staff, he showed you a document which is marked Exhibit A5, that being the letter dated 9th February, 1961 to you from Mr. Hudson on Queensland Mines letterhead. Do you remember that? A. I remember that. 10 20

Q. Is that letter in your mind, the substance of it? A. It is not, I am afraid.

Q. Would you like to have a look at it? A. Yes please. (Shown to the witness). Oh yes, yes.

Q. Now if I may actually show you a copy of the transcript, page 28, and I invite your attention to the third last question on that page (shown to the witness). Reading it as I put this question to you - will you agree that my learned friend showed you Exhibit A5 and then asked you, "Do you recall receiving that letter in your department and seeing it yourself?" A. Yes. 30

Q. The answer you gave was this, was it not, "I obviously saw it. I don't recall at what stage but I obviously saw it; and it has been received, my initials are on it and it is date stamped. Obviously I saw it."? A. Yes. 40

Q. That was the answer you gave, wasn't it?
A. Yes.

Q. Then the next question, will you agree, was by *(See now pages 64/65.)

Mr. Staff, "Would you read it to yourself?" and you answered "Yes" and then read it, is that right?

A. Correct.

Q. Then you were asked this question, "Up to that point of time have you any recollection of ever having heard of Queensland Mines Limited as a company"?

A. Yes.

Q. Do you remember that question? A. Yes.

Q. Do you remember the answer you gave was, "We had heard of them. We had no dealings with them. The only way it had been raised was when we looked up Mr. Korman's status in the industry he was - I am not sure that he wasn't managing director but he was certainly associated with Queensland Mines as a director"? A. Correct.

10

Q. Now is there anything in that answer that you want to alter or qualify? A. I don't think so, Mr. -

Q. Would you like before giving a final answer to that question to look at the correspondence again?

20

A. Yes, it may refresh my mind on this.

Q. I want you if you would to take your time or as much time as you wish to look at Exhibits A1, A2, A3, A6. I invite you before you give a final definitive answer to my question which is "Do you want to alter the evidence you gave as recorded at the bottom of * page 28 and the top of page 29" in the light of a perusal of Exhibits A1, A2, A3 and A6, and please do not feel under any compulsion to hurry and read them (shown to the witness) A. These numbers are stamped on the back?

30

Q. They have got Exhibit marks on them, those little slips of paper, white slips of paper. A1 is the letter of 16th August, 1960? A. It is obviously written on Queensland Mines' letterhead so I must have known.

Q. And it is also signed by Mr. Hudson as managing director of Queensland Mines, isn't it? A. Yes.

Q. And your A2 -? A. Is an answer to them at that address.

40

Q. And you addressed the letter to the managing director of Queensland Mines Limited, didn't you?

A. That is correct, yes. A3 is much the same.

Q. That is a letter on the letterhead of

*(See now pages 64/65.)

Queensland Mines, signed apparently in Mr. Hudson's absence by his secretary, is that right? A. Yes.

Q. And A6 is a letter of 26th September, from Mr. Korman?

HIS HONOUR: Q. When you say that last letter was signed by Mr. Hudson's secretary in his absence, does it purport to be a letter from Mr. Hudson or simply a letter from Queensland Mines? Is Mr. Hudson mentioned? 10

MR. HUGHES: Yes, I think he is.

HIS HONOUR: Q. What is the signature on it? Printed? A. There is no printed signature on it, just "Queensland Mines per" and I can't read the signature.

HIS HONOUR: In other words it is signed for Queensland Mines, not for Mr. Hudson?

MR. HUGHES: Yes.

Q. Then the last letter I asked you to look at was A6 from Mr. Korman containing several references to Queensland Mines? A. Yes. 20

Q. Is that right? A. Yes.

Q. In fairness to you I want to give you an opportunity, if you wish to avail yourself of it, of * qualifying your answer at the bottom of page 28 and * at the top of page 29? A. I would certainly have to qualify it in that we had not had any dealings with Queensland Mines other than that correspondence. Certainly that correspondence is on Queensland Mines' letterhead which would have to qualify my reply. 30

HIS HONOUR: Q. That is not merely on Queensland Mines' letterhead, is it Mr. Symons? It is a letter from the managing director of Queensland Mines written on behalf of Queensland Mines? A. That is so, yes sir.

MR. HUGHES: Q. Then would you agree, Mr. Symons, in the light of that correspondence to which I have just invited your attention that it became apparent to you as a result of that course of correspondence that Queensland Mines was actively interested in the proposal for investigating and developing iron ore deposits in the Savage River area? A. In that light, yes. 40

Q. And again in fairness to you I want to take you * to an answer you gave yesterday on page 29. You were *(See now pages 64/65.)

* asked in the second question on page 29, this question, "You say 'when we looked up his status'." That was quoting something from your previous answer. "What do you mean? What do you mean to convey by that?" Follow from the transcript if you wish, page 29. "You say 'when we looked up his status'" and the answer was, "We were not certain where Mr. Korman fitted into the picture. We knew of him as a financier in a general way but we were not aware of his specific interest in the mining industry. When he made an application or when he requested to talk to the Premier about mining matters we checked up on what his association was with the mining industry. As I recall it, he was a director of Queensland Mines. If he was not a director he was certainly associated with it". Do you wish to alter that answer in any way or does that answer represent what you felt at the time, what you thought at the time? 10
A. As I recall it as we felt at the time, I think that was a true picture, a true answer. 20

Q. Then you were asked this question, "Apart from that context, prior to the letter of 9th February, had you ever had any knowledge of Queensland Mines Limited?" and the answer, "No. I had no dealings with them at all." A. That would have to be answered in the context that I answered the previous one in view of that correspondence.

Q. In fairness to you, and we know that memory fades with time and 14 years is a long time, in fairness to you on reflection you would wish to give precisely the opposite answer to the answer. "No. I had no dealings with them", that is Queensland Mines? 30
A. Our dealings with them would be virtually on that letterheaded paper as I answered my previous question.

Q. You agreed with me a moment ago that as a result of that correspondence it became clear to you that Queensland Mines Limited was actively interested in the proposal and you agreed with that, didn't you? 40
A. Yes.

HIS HONOUR: Q. What you really mean is that you had no previous dealings? A. Correct.

MR. HUGHES: Q. Then Mr. Staff asked you, "Had any of the gentlemen to whom you had talked" - I am inviting your attention to the fourth question on page * 29 - "had any of the gentlemen to whom you had talked, Mr. Korman or Mr. Hudson or anyone else to whom you had talked about the Savage River iron ore deposit, mentioned to you Queensland Mines Limited?" and the answer, "Mr. Korman always spoke in terms of Stanhill Consolidated. When he spoke to the * (See new pages 64/65.) 50

Premier that was his association with the whole subject. Queensland Mines was not raised at all and I interposed and said "By Mr. Korman?" and you said, "No" and then Mr. Staff said, "Nor by anyone else?" and the answer, "Not to my knowledge, my memory". Now, Mr. Symons, would you qualify those answers, the substance of those answers, by agreeing with me that when Mr. Hudson first came to see you in September 1960, he disclosed his position as managing director of Queensland Mines? A. That is correct. He did because I asked him where his interest was. 10

HIS HONOUR: Q. Is that a meeting before the first letter in the file that you are talking about?

MR. HUGHES: No, that was the meeting with the Premier in October.

WITNESS: The meeting with the Premier was in October and I believe Mr. Hudson had been to see me in Hobart twice before then. 20

MR. HUGHES: Q. And those visits were in September, were they? A. I would think so. They may be in August but I would think September.

HIS HONOUR: I am just puzzled by the phrase "He disclosed his position as managing director of Queensland Mines". That was obvious from the first letter.

MR. HUGHES: It was obvious from the first letter.

Q. Did he reiterate the disclosure when he first saw you in Hobart? A. I would find that hard to answer. I suspect - I am sure I asked him the question what was his interest in mining these days and I am sure that he said that he was a director or managing director of Queensland Mines and a number of other companies, so he would have told me after my questioning that he was. 30

HIS HONOUR: Q. Could I be clear about this? Had you seen Mr. Hudson about this matter prior to Exhibit A1, that is the first letter from him in the file? Did he come to see you before he wrote the letter or did the letter precede the first meeting? A. The letter preceded his coming down. 40

Q. That was the first contact? A. Yes. What makes me think that, sir, he has actually addressed the letter to "The Hon. H.J. Symons, Director of Mines". That is a fictitious thing. I am not "The Hon." in any way and obviously he didn't know what I was or what it was all about when he wrote the

letter so I can only assume that letter must have come down before he did.

MR. HUGHES: Q. The next point I want to ask you about is this. During the course of any of the discussions that you had with Mr. Hudson did he tell you that Factors Limited had an equity interest in Queensland Mines? A. I don't ever recall him doing so but he may have done, but I don't recall that coming into the picture at all.

10

Q. Did he explain to you that Stanhill, through a shareholding in Factors, had an interest in Queensland Mines Limited? A. He may have but again I would have to be vague on that, I am afraid.

MR. HUGHES: I appreciate that.

HIS HONOUR: Is that interest something that yet appears from the evidence, Mr. Hughes?

MR. HUGHES: Not yet, your Honour.

MR. STAFF: It will.

MR. HUGHES: Stanhill had 26% in Factors and Factors 51% in Queensland Mines. 20

HIS HONOUR: Stanhill had 26% in Factors and Factors 51% in Queensland Mines?

MR. HUGHES: Yes.

Q. I want to come on to another matter now if I may and that is the letter of 9th February 1961 which is Exhibit A5. I think there is no more occasion for you to use the transcript, Mr. Symons, if I may have that back. Keep the letters if you like. Would you go to Exhibit A5 in the file. A. That is a letter dated - 30

Q. 9th February 1961? A. That is fairly well back in the file, isn't it?

Q. Yes, it is marked A5? A. It is out of sequence as far as the numbering is concerned. This is the one you asked me about previously?

Q. Yes. Now it is plain, is it not, from the first paragraph of that letter from the use of the word "confirm" that there had been some prior discussion between Mr. Hudson and yourself about the subject of the cost and expenses connected with drilling? A. That is correct. It is obvious from that letter that there had been some prior - 40

Q. You agree that is obviously correct? A. Yes.

HIS HONOUR: Q. Indeed the wording suggests that he already communicated to you the operation he was now putting again? A. Yes, Mr. Hudson used to telephone a great deal and I suspect this was probably a telephone conversation, that this was a confirmation to follow that telephone conversation but I'm afraid -

MR. HUGHES : Q. That is reconstruction? 10

A. Reconstruction.

Q. Let me put an alternative theory to you if I may -

MR. STAFF: Another guess?

MR. HUGHES: No, based on your client's answers to interrogatories No. 1(5).

Q. Will you agree that Mr. Hudson handed to you personally his letter dated 31st January 1961 applying for the exploration licence? Go to the letter if you like in the file? A. Yes. 20

Q. Is that right? Will you agree that Mr. Hudson handed to you personally the letter applying for the exploration licence, that is the letter dated 31st January 1961? A. I don't believe that would be so and my reason for that is the date stamp on the letter on Mr. Hudson's application is 9th February. The date stamp on the letter you talk of is 13th February. Now I seem to recall Mr. Hudson brought that application for the licence down himself with a marking out notice. 30

Q. I am sorry, we are at cross-purposes. I was asking you would you agree - I think you think my question is directed to the letter of 9th February. In fact it was not. I did not make myself clear. Would you agree that Mr. Hudson handed to you personally the letter of 31st January 1961, applying for the licence? A. Oh yes, yes, I'm sorry. My reason for that being the date stamp on that is the same as what is on his application for the licence.

Q. In other words it is date stamped in your office 31st January? A. No, that date stamp is 9th February as is the application for the licence so I am quite sure in my mind that the application came in by hand by Mr. Hudson. 40

Q. By Mr. Hudson? A. Yes.

Q. Just so I can make my mind clear on what you

are talking about, have a look at the two date stamps (shown to the witness), looking at the two documents Exhibits A4 and A5, both date stamped in your office, A4, 9th February and A5, 13th February; would you agree that in all probability, Mr. Hudson, when he handed you apparently on 9th February the letter dated 31st January applying for the licence, had a discussion with you about the responsibility for paying for the costs and expenses in connection with new drill holes in the project. Would you agree with that? A. I would believe that to be the case. I suspect that when Mr. Hudson brought that application in we probably queried him as to how the costs of the drilling - of the exploration programme were going to be met, and that letter of 13th February is probably a reply to my enquiry while he was in my office. 10

Q. Your last reference was to a letter of 13th February. I think you mean the letter of 9th February, date stamped 13th? A. Yes, we are confusing the date they arrived and the date - to make that clear I believe that his reply of 9th February which was received in our office on 13th February, is a result of an enquiry I made to him while he was in my office on the earlier occasion. 20

Q. If I may I will take your mind back to the form of the first paragraph of the letter of 9th February, Exhibit A5, and the use of the word "confirm". In the light of that first paragraph of Exhibit A5, the letter of 9th February, will you agree that in all probability in your discussion with Mr. Hudson on 9th February concerning the responsibility for paying for the new drill holes, Mr. Hudson told you that Queensland Mines would undertake to meet those costs. 30

(Objected to on the grounds that the question appears to be a deliberate misconstruction of what is said in the letter).

MR. HUGHES: When I put that question I had in mind some evidence that Mr. Symons gave in answer to your Honour yesterday afternoon, and to placate my friend's suspicion about my intentions, I will take Mr. Symons to that evidence. 40

Q. Mr. Symons - and please consult the transcript again if you wish to? A. I don't have it now. (Shown to the witness).

Q. The relevant passages are marked in red I * think Mr. Symons, the lower half of page 42. Do you remember his Honour asked you, "Mr. Symons, that letter I was referring you to said, 'I would like to confirm that this company', and it is on *(See now page 84.) 50

Queensland Mines Limited notepaper, 'will accept full responsibility for all costs and expenses in connection with the new drill hole at the Savage River Iron Ore deposits'. And the answer "Yes".

"Q. It does not relate to purchase of equipment? A. There is another letter I believe.

Q. I am talking about this letter. What did that refer to) What was "costs and expenses in connection with the new drill hole"? 10

A. That would be the contracting I would think. That would be the full cost of that".

Now just before I go on I want to clear up one matter. I think you said later in the afternoon apropos that letter of 9th February that there was a reference in it to the cost of purchasing equipment?

A. I seem to recall there was another letter which referred to equipment as well as the -

Q. I think you will find in fairness to yourself that the letter of 9th February refers to the purchase of equipment. 20

MR. STAFF: There is another one.

MR. HUGHES: Q. At all events if I may go on you were then asked by his Honour:

"Q. What is the new drill hole? Is that some particular job? A. When Mr. Hudson took the licence over, he continued drilling where the Department had stopped. The Department bored holes 1 to 10, I believe it was, and then Hudson continued on with holes 11, 12; I think it is up to 40 odd". 30

Do you remember giving that evidence? A. Correct.

Q. In the light of that evidence and in the light of what is in the letter dated 9th February, will you agree that in all probability in the course of the discussion you had with Mr. Hudson when he handed you on 9th February the application for the licence, Mr. Hudson said to you in substance that Queensland Mines would accept responsibility for paying for the cost of further drilling on the prospect? A. Well, it would have to be an inference. I wouldn't - because we would have been concerned at that time as to who was going to pay the drilling contractor. 40

Q. Precisely, and that was a perfectly legitimate concern on your part departmentally, wasn't it?

A. Oh, correct.

Q. And the reason for that concern was that you didn't want - when I say "you" the Department or the Minister - didn't want to be handing out valuable licences to people who had no financial viability. (Objected to; withdrawn).

Q. Your legitimate Departmental concern which led you to raise this question as to who would pay for the cost of further drilling -? A. We wished to be satisfied that the drilling programme would continue. 10
This was one of the conditions of the licence. We would not be prepared to grant the licence unless we had some understanding that the work would continue.

Q. You wanted to have an assurance first that the work would continue, is that right? A. Correct.

Q. And you wanted an assurance that it would be continued at the behest of someone of some stability?
A. Correct.

Q. Financially, is that right? A. And professionally too. I mean that we wanted to know that the people doing the drilling would know what they were drilling. They wouldn't be wasting money actually drilling holes - 20

Q. In the wrong place? A. Yes.

Q. And with that concern in your mind as you have described it, you accepted Associated Diamond Drillers, Queensland Mines Limited and Ridgway as appropriate people to whom to entrust the work? A. Well, I would assume that from this correspondence. 30

HIS HONOUR: Q. What was your answer? A. I would assume that, sir, from the correspondence but I can't recall the actual discussions, but from the tone of that letter it would appear that I was satisfied at that time and we did in fact issue the licence which would confirm that we were satisfied.

MR. HUGHES: Q. The answer to my question is in substance "Yes", isn't it? A. In substance, yes.

Q. Now may I come to another matter, Mr. Symons. Do you remember that some time early in 1961 40
Mr. Hudson in one of his meetings with you told you that Mr. Korman's companies in particular Stanhill Consolidated and Factors, were suffering from grave liquidity problems due to the credit squeeze?
A. Whether he wrote us or whether he told us, I'm not sure. But that was certainly conveyed to us that there was a difficulty in Mr. Korman's companies being able to contribute their share of the

money. I can't recall whether it was done by letter or by - but it was certainly done anyway.

Q. Will you agree that before the licence was issued on 23rd February, Mr. Hudson informed you that Mr. Korman had told him, Mr. Hudson, that in view of the liquidity problems of Stanhill Consolidated at that time, it was doubtful whether Stanhill Consolidated would be able to proceed? A. I certainly remember it happening and I have had great difficulty in fixing it in my mind as to what time it was but it was certainly just about the time, I would have thought it was just after the licence was issued because if the licence had not been issued I would have thought we would probably have delayed the issue of it, but I find it a little bit hard to remember. 10

Q. You find it hard to remember? A. Hard to remember but it was certainly about that time.

Q. Of course if on 9th February - I am saying "if" - if on 9th February you knew that Stanhill was having liquidity problems due to the credit squeeze, the then credit squeeze, that would make you all the more concerned to be assured that the cost of the drilling would be accepted by some reliable organisation? A. There would have been some doubts about the licence being issued. This makes me believe that the statement about Mr. Korman's problems actually came after the licence had been issued or it certainly had been signed by the Minister but had not been issued. 20 30

Q. You cannot be certain about that? A. I can't be sure.

Q. Would you cast your mind back with a view to recalling whether it was not fairly common knowledge in January, early February 1961, that Mr. Korman's empire was in trouble? A. That was my impression. There were all sorts of problems occurring at that time and it was well publicised in the press if I remember correct, but it would be certainly about the time the licence was issued. 40

HIS HONOUR: Q. Otherwise would you have been seeking from Mr. Hudson any assurance about who would pay the contract or would you have assumed Stanhill would pay it? A. We would want to be satisfied the commitments could be met. Whether - as Mr. Hudson or Mr. Korman was going to finance it in different ways, we wouldn't be sure anyway, but I remember we had some problems in deciphering the intricacies of Mr. Korman's companies. They were a little bit hard to follow. 50

MR. HUGHES: You were not alone in that.

Q. But if in fact you knew early in February, prior to the 9th, that Mr. Korman's financial empire was in trouble because of liquidity problems, that would quite properly have made you all the more concerned to have been assured that the cost of drilling would be met by a reliable organisation?

A. That is so.

HIS HONOUR: Q. After you were told that Queensland Mines was going to meet the costs, did you make any investigations about that? A. I don't recall that, sir. 10

Q. You say you had to be satisfied that a reliable organisation would meet the costs. You were told that Queensland Mines would meet it? A. Yes.

Q. You simply left the matter there without further investigation? A. We left that as it is. We normally watch these commitments on licences fairly closely when the licence comes up for renewal, and it is for that purpose the Government restrict the issue of licences or renewal of them to 6 months at a time so we have got very tight control on whether people are performing properly or not. 20

MR. HUGHES: Q. So that during the first six months, the first six months of the licence, you were concerned very properly to see that Queensland Mines were organising a regular drilling programme?

A. This was to be or was actually eventually one of the conditions of the licence. The drilling had to continue and at the end of that six months if the licence (sic) were not continued, we would have cancelled the licence. 30

Q. But to put the matter shortly, you accepted Mr. Hudson's written confirmation of his oral commitment to you on behalf of Queensland Mines as a satisfactory safeguard from the Mines Department viewpoint?

A. Yes.

Q. In the course of one of the answers you gave a few minutes ago you told his Honour, and I will try to recapture the substance of what you said, that Mr. Hudson at some stage told you in early 1961 that Mr. Korman's companies, because of the credit squeeze and liquidity problems, would not or might not be able to meet their share of the commitment. Do you remember saying that? A. Yes. 40

Q. And from that statement made to you by Mr. Hudson no doubt you gathered, did you not -

A. I believe I saw it in the letter yesterday, sir.

Q. I think that is a letter in April? A. Yes, I am pretty sure I saw it in correspondence in this file yesterday. I believe it was in writing although I am sure that he would have told us beforehand that there were some problems. In fact I seem to recall he did.

Q. Will you agree that whenever it was he told you, Mr. Hudson told you what I have just put, you gathered, if you had not already gathered, that Stanhill or the Korman companies were not to be the only people or organisations interested in this investigatory and development project? A. It was at that time as I recall it when Mr. Hudson came and told us that the support promised him from Mr. Korman was obviously going to be lacking, that he asked could the licence be continued and he would look for support from elsewhere, and we did agree at that stage that we would allow the licence to continue at least until the renewal so that he could have an opportunity to find that support. 10 20

Q. Would you agree that Mr. Hudson in fact told you in an interview at your office some time in February or March 1961 that Mr. Korman had indicated that Stanhill could not proceed? A. Yes, I recall that, either by word of mouth or by letter, but we were certainly advised.

Q. Now the licence as we know was issued I think dated 23rd February? A. It was towards the end of February if I remember correctly. I am not sure of the date. 30

Q. Could I just have the file back for a moment (handed to Mr. Hughes). Now I want to take you on if I may from 23rd February. You received regular drilling reports in your office, didn't you? A. Yes.

Q. In respect to the investigatory work that was going on? A. That is correct.

Q. Whether it is the first one or not that you received, I leave aside for one moment, but there is in the file - it does not seem to have an Exhibit mark. I thought it was entered. There is in the file a drilling report, and I will show it to you in a moment, for the week ended 31st March 1961, date stamped in your office, 21st April 1961 and attached to it a "with compliments" slip of Queensland Mines Limited. Would you have a look at that (shown to the witness). A. Yes, that was received and seen by me. 40

Q. Seen by you and no doubt studied by you?

A. Yes, well, we would be very interested in what progress they were making on the drilling.

HIS HONOUR: Q. What is the date on that? A. Week ended 31st March is the report and it was received in our office 21st April.

HIS HONOUR: That is Exhibit A13.

MR. HUGHES: Q. Then you next received reports covering the weeks ending 17th March 1961 and 24th March 1961, under cover of a letter from Mr. Hudson dated 14th April 1961. Is that right? A. I would believe so, yes. If they are in the file that would be right. 10

Q. Perhaps I can shorten the matter in this way. The fact is, is it not, that between the date of the original issue of the licence and the date upon which the question of its renewal fell for consideration, you were receiving in your department, and studying as they came in, regular drilling reports concerning the activities of Associated Diamond Drillers Pty. Ltd. on the area? A. Yes. 20

Q. And you were receiving those reports in the main, were you not, or entirely direct from Queensland Mines (objected to).

Q. Direct from Mr. Hudson? A. I wouldn't be sure where they were coming from. The information came to us and that would be our interest, and if we were not getting it we would have asked for it.

HIS HONOUR: Q. You just received them in the mail, I suppose, did you? A. Yes. 30

Q. And didn't know who posted them? A. No, we didn't know where they came from.

MR. HUGHES: Q. And it was apparent to you from the regularity with which these reports were being sent in that the company that was doing the drilling, Associated Diamond Drillers, was performing its task allotted to it satisfactorily? A. Yes.

Q. And you also took it from the regularity of the reports as they came in, from the regularity with which the reports came in, that Queensland Mines was honouring its commitment to pay for the cost? 40

A. I qualify; the actual commitments were being met. We would not have known the intricacies of how they were being met but certainly it was inferred with the fact that the drilling was continued -

Q. That the commitment was being met? A. Yes.

Q. And it could not have failed to attract your attention over this period that these reports as they came in were expressed to be reports of drilling done for Queensland Mines Limited? A. I am quite sure I would have noted at the time.

Q. And when you noted it at the time, of course that would have appeared to you to be completely consistent with the undertaking that Mr. Hudson had given you in his letter of 9th of February? 10

A. I assume so.

Q. Mr. Symons, another matter about which I want to ask you, concerns the Exhibit which I will identify, A14. It is the letter of 14th April, 1961 and the annexures thereto. May I invite your attention to those documents (shown to the witness). I do not want to inhibit you in your reading of the material. Just take your time. I do not think you need wade through the technical stuff? A. I wouldn't try. 20

Q. I think what I particularly want you to look at is the letter from Strategic Materials Corporation dated 14th April and you can ignore the annexures unless you want to read it? A. No, I know or at least I seem to remember that report being done by Strategic.

Q. Now when you received that letter Exhibit A14 dated 14th April 1961, it became quite apparent to you, did it not, that Mr. Hudson as managing director of Queensland Mines had been making enquiries from this American Corporation, Strategic Materials, in connection with processing techniques for iron ore if it was mined? A. Correct. 30

HIS HONOUR: Q. I think you said yesterday, didn't you, that that was at your Department's suggestion? A. We suggested it to Mr. Hudson.

Q. You suggested that that company in America be approached? A. That their process would perhaps be applicable to this type deposit and if I recall correctly I believe that we suggested to Mr. Hudson that he should follow up the investigations as to whether this was applicable or would prove to be applicable. 40

MR. HUGHES: Q. Do you remember, I will try to find the letter but perhaps I can strike a chord in your recollection, that in some letter during April I think 1961 or thereabouts, Mr. Hudson told you that the resources of the Queensland Mines pilot plant

at Queensland University would be used for the purpose of doing certain tests.

MR. STAFF: "Could be" I think were the words used.

MR. HUGHES: Q. Could be? A. Could you give me a clue on that because the type of work that Queensland Mines would do would not be applicable to - Queensland University would not be applicable to this type of process.

Q. Do you remember getting this letter which I will show you, Exhibit A15, letter of 17th April 1961? Would you be good enough to look in particular at the last paragraph on page 1 and the top of page 2 (shown to the witness) A. That relates to concentration of the ore rather than the smelting, yes. Sorry, I obviously saw that letter. It has got my initial on it. 10

Q. Got your initial on it? A. Yes.

Q. And you took from that that the resources of the Queensland Mines pilot plant, the facilities of the Queensland Mines pilot plant might be utilised in aid of this investigatory programme? A. If our work - if our laboratory couldn't do it, yes. 20

HIS HONOUR: Q. Would you mind reading the reference to Queensland Mines? A. "I understand that you have equipment arriving which would enable you to concentrate some five tons and would appreciate your advice as to when would be the earliest this equipment would be in operation because if it were to be delayed I would probably use, with little further expense, a pilot plant that Queensland Mines Limited had installed in conjunction with the Queensland University". 30

MR. HUGHES: Q. And that of course to you was an indication of Queensland Mines' continuing interest in this venture, wasn't it? A. Yes, could be.

Q. I wonder if I may take you to your memorandum of 8th November, 1960 or those two memoranda, just briefly. It is Exhibit A9. Perhaps you might just look at it to refresh your recollection of it before I ask you a few questions (shown to the witness) A. This is the combined report from the Under-Treasurer? 40

Q. Yes, to you; the memorandum to you indicating what inquiries ought to be made? A. No, this was actually a memorandum to the Premier from that committee.

MR. HUGHES: I am sorry

HIS HONOUR: Q. But in fact it was you that ended up making the inquiries that were suggested in it?

A. That is so.

MR. HUGHES: Q. And you made the inquiries by questioning Mr. Hudson in one of your interviews?

A. That is correct.

Q. And one of the questions was No. 5 on page 2, "Who are the company's advisers and associates?" Do you remember that? A. Yes. 10

Q. And you at some stage, did you not, put that question to Mr. Hudson? A. I must have done that because there is my ink marks alongside it indicating that the reply - indicating what reply I received.

Q. You say, do you, that the answer to question 5A, "Who are the company's advisers and associates - (a) in Australia?" in your own handwriting is "OK" or could it be "Queensland Mines"? A. Question 5?

Q. 5A, is it "OK" or Q.M."? A. That is "OK". 20

Q. But of course you would have quizzed Mr. Hudson as to who the associates as opposed to the advisers were, wouldn't you? A. Yes.

Q. And you knew that Mr. Hudson of course was actively interesting himself in this venture as managing director of Queensland Mines? A. We knew he was actively interested.

Q. As managing director of Queensland Mines to your knowledge? A. Well, he was managing director of Queensland Mines. I find it hard to answer your question by putting the two together. 30

Q. But he was writing to you in connection with the project? A. That is so.

Q. Prior to November 1960 as managing director of Queensland Mines? A. That is so.

HIS HONOUR: Q. That was the basis on which you approached him in the beginning, wasn't it, as far as * the letters show? A. The letters show that but I am not sure that this wasn't a matter of convenience because in our discussions with Mr. Hudson Queensland Mines were never brought forward as an active partner or a partner at all, and whether he was doing this deliberately or whether it was just because they were not interested, I don't know. That is your job to find out no doubt. 40

MR. HUGHES: Q. Mr. Symons, may I without any heat whatsoever take you to part of your last answer in which you said in substance that Queensland Mines as such was not indicating as having any part in the project -? A. Other than -

Q. The fairest thing for you is to have your answer read.

(Answer marked * read)

Q. May I take you to that part of your answer in which you said in none of the discussions was Queensland Mines brought forward as an active partner? 10

A. Yes.

Q. Would you care to reconsider that answer in fairness to yourself in the light of Queensland Mines' commitment to your Department to pay the drilling costs? A. In that commitment, and this was the inference I was trying to draw - it is on paper to say that it is and I must support that. I mean, the court obviously has all that evidence in front of it but he has said that this is such and I have got no reason to disbelieve other than the conversations that came forward where it was never emphasised. 20

Q. It was rather kept quiet, was it? A. That is right.

Q. But of course it was plainly enough emphasised in the letters that Queensland Mines -? A. I agreed to that in my answers that that is so.

Q. All the approaches in correspondence apart from the letter of 26th September, 1960, Mr. Korman's letter, were approaches by Queensland Mines weren't they? A. I agree. They were all on Queensland Mines' letterhead. 30

HIS HONOUR: Q. You keep putting it in that form "it was on Queensland Mines' letterhead" but if you look at the first letter - have you still got the file in front of you? (shown to the witness). Look not just at the letterhead but at the words of the letter? A. That is the letter, his introductory one? 40

Q. The first one, yes. Didn't that convey to you that he was writing not merely on the notepaper of Queensland Mines but on behalf of that company?

A. That letter does say so, I would agree. This is his first introduction but what you say in correspondence is specifically correct and I can't say that was -

Q. You would have assumed, would you not, from having received that letter that he was coming to see you as a representative of Queensland Mines?

A. That is my assumption.

Q. Did he ever say to you at some point along the line that he was not a representative of Queensland Mines? A. He did come along after Mr. Korman withdrew or suggested - the letters suggested Mr. Korman's support was not available. Mr. Hudson then came along and said "in view of Mr. Korman not being able to carry out his commitments, I will find other supporters" and he then started to look outside to look for other supporters. 10

Q. But that was someone to take the place of Stanhill? A. Yes.

Q. But that didn't involve saying, did it, that he was now acting in a different capacity to the one in which he had approached you originally? A. No, no sir, it didn't. I find it rather hard to sort of get my mind focused on the specific details of this but he was looking for somebody else to replace Mr. Korman. 20

MR. HUGHES: Q. I want to come back if I may to this document Exhibit A9 and the question, "Who are the company's advisers and associates in Australia?" Mr. Symons, would you agree that it was hardly necessary for you to ask Mr. Hudson with any specificity or detail who the company's associates in Australia were because you knew? A. He had given that - on Mr. Korman's applications as I recall it it actually set that out in some detail and I suspect, or at least I seem to recall, that the Under-Treasurer, who is a financial man, had some reservations about Mr. Korman. I wouldn't like to put Mr. Binns in. 30

Q. He was being wise before the event? A. Yes, and I think those questions were framed with that in view.

Q. Of course when you said "who are the company's advisers and associates" you were referring to Stanhill, weren't you? Were you referring to Queensland Mines. 40

HIS HONOUR: Q. Or were you referring to the company that was going to be formed? I think that is what the letter says.

MR. HUGHES: Q. The company that was going to be formed? A. No, I would agree with your Honour there that it would be on behalf of the company that was

to be formed. In fact all these queries are based -

Q. On the proposition that there was going to be a company formed? A. On the proposition that there was to be a company formed.

Q. And Mr. Hudson told you in substance who the intended associates of this company were, did he, the company to be formed? A. He answered some of those questions that Mr. Korman was going to take a substantial interest in this. 10

Q. And he did not exclude the possibility that Queensland Mines was going to take a substantial interest, did he? A. No, it wasn't excluded.

Q. In fact, casting your recollection back, did he say that Queensland Mines was going to take a substantial interest or an interest in this company?

A. I couldn't recall that, sir.

Q. You would not deny it, though, would you?

A. I wouldn't deny it. 20

HIS HONOUR: Q. It was obvious to you that he was taking a substantial interest in it? A. Yes.

Q. And he had approached you as managing director of Queensland Mines? A. Of Queensland Mines.

Q. And he had not I gather, up to that stage at all events, divorced himself from the capacity in which he had originally approached you? A. Not to my knowledge, sir.

MR. HUGHES: Q. I want to take you back to the subject matter about which I was asking you some questions yesterday afternoon, Mr. Symons. Do you remember I showed you from the Mines Department file that draft letter which is m.f.i. 3. I just want to see if you had any further recollection about it over night, and I showed you A6, that is Mr. Korman's letter? A. Yes, these were the two that were very similar and you were asking me about them. 30

HIS HONOUR: Mr. Hughes, there are various reasons why people mark things for identification, but if the reason is only that you are not in your case, I do adopt the practice here of accepting tenders at any stage and that saves double tracking. 40

MR. HUGHES: I will tender it because it is established that Mr. Hudson laid it on the table in Mr. Symons' office.

(Letter admitted and marked Exhibit AT)

Q. Would you be good enough while that is being done, Mr. Symons, to look at Exhibit A6. That is Mr. Korman's letter. Just read it to yourself. Have a look at them alongside one another (Witness shown Exhibits A6 and AT) Mr. Symons, I suggested to you yesterday, as a course of events, that Mr. Hudson brought that draft to you to discuss it with you before you got the letter from Mr. Korman? A. Yes. 10

Q. Have you had any further consideration of that overnight? A. No, my memory is still such that I am sure that Mr. Hudson brought that letter down but to talk to me about it, but we had already received the letter from Mr. Korman prior to it. I have no doubt that Mr. Hudson brought it down to see if it was satisfactory as he did with applications for licences. He would often bring an application down and say, "Is this going to be acceptable? If not, I will take it back and incorporate things that you regard as acceptable and delete what is unacceptable". But my recollection of this is that we had already received Mr. Korman's letter when he brought that down. 20

Q. May I just put one consideration to you and invite you to take it into account before finally committing yourself. Do you notice that the draft letter which is Exhibit AT goes down so far as to say in effect - read the last paragraph to his Honour? A. "At such conference I would like to discuss assistance from the Government and co-operation in the following matters, namely - ". Up to that stage they are identical. 30

Q. Up to that stage they are identical and up to that stage the draft recites the previous history of the matter in substance? A. That is correct.

Q. Did Mr. Hudson tell you that he drafted that draft for Mr. Korman? A. Well, I have no doubt that he did.

Q. I am sorry, I did not hear? A. I can't recall but I have no doubt that he did because he brought it down himself. 40

Q. As his draft? A. That is to my recollection.

Q. What I am inviting you to consider is this: you notice that the part of Mr. Korman's letter that follows on after the context of the draft stops, all relates to important matters in the nature of problems connected with the development such as

electricity supply, transport? A. It is what support he could expect from the Tasmanian Government in part anyway.

HIS HONOUR: Q. Would you mind just reading the next couple of paragraphs to me? A. "At such conference I would like to discuss Governmental assistance and co-operation in the following matters". They are common to both - "transportation, communications, port and harbour facilities, town construction, roads, water and power supply and more particularly at this stage available technical advice and assistance during the period of investigation of appropriate Government Departments. There would need to be considerable extension of electric power output to cope with such proposed industry, and as this is a matter which will determine the date of commencement of production, it will require immediate investigation to enable constructional decisions to be made to coincide with the completion of our investigations. Needless to say - "

HIS HONOUR: I think that is enough.

MR. HUGHES: Q. Will you agree that the subjects touched on in the paragraphs that you have just read aloud to his Honour are the sort of subjects or problems that would be likely to be exposed as a result of discussion in an interview between yourself and Mr. Hudson in which he would, naturally enough, be drawing upon your knowledge of the local area? A. That is so.

HIS HONOUR: Q. Perhaps could I just put this to you too. Would you look at your handwritten notes on the memorandum of 18th October, 1960 and the thing I was going to put to you is that at the bottom you note investigations that you say should proceed so that the Government would know certain things, and the first three matters that you list are the first three matters listed in that paragraph in the same order? A. Correct.

Q. Which suggests that one document influenced the other, does it not? A. I have no doubt that the committee in drawing up this document - well, obviously they had Mr. Korman's proposal. We had Mr. Korman's proposal.

Q. What is the date of that? A. 26th September.

Q. So you would have had that first? A. It was that letter of Mr. Korman's that initiated this committee.

Q. So you would suggest the influence was Mr. Korman's document on your note? A. Yes.

Q. Not vice versa? A. Yes.

MR. HUGHES: Q. You see, you had known Mr. Hudson for quite some years at Broken Hill, hadn't you?

A. Yes.

Q. You knew him as a practising lawyer? A. Yes.

Q. I think you knew him as a practising lawyer with professional activities in the mining field? A. He was the owner of a small felspar mine. I had better not say "an owner" but he was a part owner anyway of a small felspar operation near Broken Hill. 10

Q. How long had you known Mr. Hudson in Broken Hill? A. I would have known him not long after I went there in a minor way. I never knew him as a great friend or anything of that nature but I knew of him because he handled the details of the Shift Bosses and Foremen's Association and when there were legal activities such as an inquest he always represented the Shift Bosses and Foremen on those inquests and I as manager would be attending as an observer for the company. 20

Q. You were a mine manager? A. Yes, so I knew him in a professional way for many years and I knew him at odd times. Actually I would see him at the Broken Hill Club for instance in a minor fashion so I knew him for a number of - 15, 16 years I was there.

Q. But you also knew him to be a solicitor with professional retainers in the mining field? A. Correct. 30

Q. What I am suggesting for your consideration is that he brought the draft to you, which you understood from what he said to be his draft of that letter, uncompleted, discussed with you the problems and discussed with you the sort of problems that would have to be ironed out with proper assistance from the Tasmanian Government? A. Correct.

Q. And then took the draft away and then arrived the letter from Mr. Korman complete? A. No, I don't believe that part to be true. 40

Q. You don't believe that part to be true?
A. No, I can't be certain but I am almost certain that Mr. Korman's letter was already in my possession when he came down to discuss the draft with me.

Q. He came down; you say he came down, identified the draft as his draft and then you told him that Mr. Korman's letter had already arrived? A. Well, I would believe that - that would probably be the case.

MR. STAFF: No re-examination.

(Witness retired and excused)

(Short adjournment)

UPON RESUMPTION:

10

ERNEST ROY HUDSON
(First Defendant)

Sworn and examined:

MR. STAFF: Q. Mr. Hudson, your name is Ernest Roy Hudson? A. Yes.

Q. You are one of the defendants in this case and you live at 75 Wolseley Road, Point Piper? A. Yes.

Q. How do you describe your present occupation?
A. Company Director.

Q. You were, we have heard, for many years a solicitor practising in Broken Hill? A. Yes. 20

Q. And I think that practise continued until somewhere around about 1959, did it, or 1960? A. 1958 really.

Q. You had, whilst in Broken Hill, some association with some mining venture there? A. Yes, I had about 50 years association with mining in my own right and representing mining companies.

Q. It was following the disposal of your practise in Broken Hill, I think, that you came to live full time in Sydney? A. Pardon. 30

Q. Following the closure of your practise in Broken Hill you came to live full time in Sydney?
A. Not in the beginning.

Q. I think by about the end of 1958 you were chairman and managing director of Australasian Oil Exploration? A. Yes.

Q. You were also at that time managing director of a company called Mary Kathleen Investments?
A. Yes. 40

Q. And that latter company owned almost the whole of the shares in Australasian Oil Exploration?

A. About 92, 95%.

Q. I think you carried on your activities as chairman and managing director of A.O.E. and managing director of Kathleen Investments from an office in Sydney, did you not? A. That is correct.

Q. And in fact that office was an office of Mary Kathleen Investments which you used, was it? A. Yes. 10

Q. At 16 O'Connell Street, Sydney? A. Yes, the arrangement when I took on the managing directorship of Kathleen Investments I was told that an office would be supplied to me which I could use for their work as well as my own.

Q. And you used it amongst other things for the work you did for Mary Kathleen Investments and Australasian Oil Exploration? A. And my own work, yes.

Q. Over the succeeding years you continued to conduct your own affairs and the affairs of various companies from the same office, did you not? 20
A. That is correct.

Q. 16 O'Connell Street. When you became managing director of Australasian Oil Exploration, that company had I think an option in respect of what we have heard described as a uranium prospect known as Andersons Lode? A. Yes.

Q. At that time Mr. Ridgway was Geologist working for A.O.E.? A. Had been before I became chairman and managing director of A.O.E. 30

Q. And continued to do so after you became chairman? A. No, I had to - in the course of looking at the assets in A.O.E., as he had been an astute Geologist I asked for him to attend and go over some of the areas with me but at that stage he was working for another company known as Dominion.

Q. So the position was he had ceased to be Geologist for A.O.E. at the time you became managing director? A. Yes, he had ceased. 40

Q. And he had become at that time a Geologist or he was a Geologist who was working for Dominion Mining? A. That is correct.

Q. No Liability, was it? A. That is right.

HIS HONOUR: Q. Was that an associated company?

A. No sir.

MR. STAFF: Q. And Dominion Mining No Liability was I think a company which was a member of what we might call perhaps the Korman Group, was it not? A. Yes, associated with Stanhill.

Q. Yes, Stanhill Consolidated; and I think you found that after you had looked at the affairs of Australasian Oil Exploration that it was not in a position then to develop the uranium prospect or even to exercise the option? A. It wasn't solvent. 10

Q. And following that I think you -? A. Could I correct that? At that material time it wasn't solvent.

Q. So you set about to seek to make some arrangement with someone else who could finance the development of the prospect, did you? A. Yes, one of the assets was this option over Andersons Lode which required an exercise of 40,000 which A.O.E. never had the money at that time and Mr. Ridgway spoke to me about it. 20

Q. And did you then - I don't want to ask you the details of the conversations - but did you then go with Mr. Ridgway to Melbourne and see Mr. Stanley Korman about that matter? A. Yes.

Q. I think you had subsequent discussions with Mr. Korman and in particular towards the end of the discussions one with Mr. Korman and other members of the Stanhill Group at Surfers Paradise, did you? A. I had a number of discussions in Melbourne first where a rough plan of going ahead with it - and then a meeting was held on 22nd November at Surfers Paradise. 30

Q. That was in 1958? A. 1958, yes.

Q. At that conference was an arrangement agreed in principle which led to the execution of an agreement which is Exhibit 2 in these proceedings? Perhaps you ought to see it just to identify it? A. The final form of the company which was conceived in Melbourne was finalised at this conference. 40

Q. Just look at Exhibit A2, will you, Mr. Hudson (shown) A. Yes.

Q. Was that the agreement which was executed between the named parties to implement the decisions reached at Surfers Paradise which you have mentioned? A. There were previous heads of agreement following

the meeting of 22nd November and then that document was finally the document which was formed between the parties.

Q. That generally is the background which led up to the formation of Queensland Mines Limited?

A. Yes.

Q. Mr. Hudson, you may be able to find it more quickly but just to remind you, or remind us, the shareholders of the company to be formed, that is Queensland Mines Limited, were to be Australasian Oil Exporation Limited and Factors Limited? A. That is correct. Initially it was not Factors; initially I understood it was Stanhill Consolidated.

10

Q. But when the agreement -? A. When the agreement was finalised it was Factors.

Q. And do you recall -? A. A.O.E. took 49% of the company and Factors 51.

Q. At this time you knew Factors Limited as being a company carrying on business in Victoria? A. Yes.

20

Q. And a compny in which Stanhill Consolidated had a shareholding interest? A. At that stage I understood otherwise; I thought it was a subsidiary. At a later stage I ascertained it was controlled through the Board by Stanhill.

HIS HONOUR: Q. What did you ascertain? A. It was controlled through the Board by Stanhill who had a large shareholding in it.

MR. STAFF: Q. Would you look at clause 7 of the agreement, Exhibit 2, which is before you? A. Yes.

30

Q. Can you recall any particular discussions between yourself on the one hand and Korman or others associated with the making of the arrangement?

A. Yes.

Q. Which culminated in this agreement? A. Yes.

Q. Relating to the subject matter of clause 7?

A. Yes.

Q. What was said between you and, if you can tell us, who said it in relation to that subject matter?

MR. HUGHES: I am not necessarily objecting to this question, but I would like a copy of the agreement.

40

WITNESS: I am familiar with the agreement. It might

be of assistance to you, I think in my bags my solicitor has, there probably is another copy of that agreement.

MR. STAFF: Q. I was asking you to tell us what you recollect of the discussions between yourself and those representing other parties which concerned the subject matter of clause 7 of this agreement?

A. When I first went to Melbourne we had general discussions on the matter and I was asked for an estimate of how much I thought it would cost to develop Andersons Lode. Subsequently the meeting was adjourned to Surfers Paradise. At that stage Stanhill were building the Chevron in Queensland. There were very lengthy discussions extending over the whole of the afternoon as to the amount of money that was necessary to develop Andersons Lode. I gave an estimate of 250,000. 10

Q. That is pounds at that stage? A. Pounds. Mr. Korman wanted to break it down a bit but I stuck to my idea of things. The final arrangement was that they would put in the 250,000, that was inclusive of the £40,000 to be taken at the option. The capital of the company was then determined to be £250,000 of which A.O.E. got 49 per cent of the shareholding for nothing - for assigning to the company its option over Andersons Lode. Prior to that we had done some work on Andersons Lode, we had ascertained that the uranium was there and done some preliminary work. 20 30

Q. That was the provision of money. You recall the subject matter of clause 7 as the distributions concerned with the distribution of profits which might be made from the development and sale of uranium oxide? A. That is correct.

Q. And the carrying on of other business by the company? A. I think the profits had to be distributed from Andersons Lode.

Q. (Document shown). Would you read that document through to refresh your memory? A. The profits were not to be utilised for any other business. 40

Q. Can you recall what was said about that?
(Objected to)

Q. Not what the agreement said, but what the discussions were between you and whoever had the discussions about that subject matter?

(Question objected to; allowed)

A. The company was to be a one purpose company

and to develop Andersons Lode, to bring it into production and to distribute the profits arising from it.

HIS HONOUR: Q. Clause 7 does not say that. It does not mention Andersons Lode at all? A. But it is on the asset of the company, Andersons Lode.

Q. But when it says it is not be used for the acquisition of any other business other than research for production and sale of uranium and uranium oxide, that does not limit Andersons Lode as to source? 10

A. No, it does not. Looking at the agreement now, it does not specify that.

MR. STAFF: Would your Honour also look at clause 5 of the agreement?

WITNESS: It gives a recital, it recites the agreement.

MR. STAFF: Q. However, you told his Honour there was a discussion about the subject matter of clause 7, that you have already given to us. Can you recall between what persons that discussion took place? 20

A. There was Mr. Stanley Korman, Mr. Redpath, at the meetings.

Q. Can you recall anything more being said in that connection about that subject matter? If you cannot recall it, don't let me press you into guessing; I don't want you to do that? A. I do recall quite lengthy discussions, Mr. Korman, they were putting in the money to develop Andersons Lode and he wanted to limit the amount of money, and there was a lot of discussion about the cost of doing this, but other than doing that I don't recall. 30

Q. That was the context in which this matter was discussed? A. The context. There were also discussions as to profitability arising from it and also discussions that they would supply or make or find £1,000,000 towards the putting in of the plant.

Q. That is in the event - A. If it was successful. And if we got a contract for the sale of uranium they would then put in a million and the balance of the money would be arranged by loan funds, A.O.E. at that stage not having any funds of its own. There is a schedule to the agreement which are the five leases known as Andersons Lode. 40

Q. They were all in the Cloncurry district?
A. Cloncurry mining district, near Mt. Isa.

Q. Can you tell us briefly what the position was at that time in relation to the marketing of uranium?

A. Yes. At that particular time Mary Kathleen Uranium had been - was working, not at that particular time, but it was working shortly after that, it was going into production with a view to supplying the British Atomic Energy Commission with the supply of uranium. The Commission itself had undertaken, with the Australian Government, to purchase certain quantities of uranium and otherwise the general policy was not to sell uranium outside to anybody else. You will recollect for a period of time the impact of the bomb. The British Atomic Energy Commission, all its supplies were taken up by Mary Kathleen Uranium other than 10,000 tons, and some of that went to another company later on up in the Northern Territory, and there is still an unused portion of the 10,000 tons entered into between the British Atomic Energy Commission and the Government for sale. It was those remnants of that 10,000 tons I was trying to get to get the mine into operation and try and take that up.

Q. That is for the production from Andersons Lode?

A. Production from Andersons Lode, yes.

Q. The position was in your capacity as managing director of Mary Kathleen you were concerned mainly with production from an existing proved deposit?

A. Yes.

Q. And fulfilment of a contract which had been previously written? A. Mary Kathleen had a large share interest in Mary Kathleen Uranium.

Q. Mary Kathleen Investments was a shareholder in Mary Kathleen. A. It was the second shareholder.

Q. In Mary Kathleen Uranium. It was against that background that Queensland Mines Limited was formed in that set of circumstances? A. Yes.

Q. Following its formation or about the time of its formation did you have conversations with Mr. Stanley Korman about the future management of Queensland Mines? A. Yes. At the meeting of November 22nd he asked me whether I would take over the managing directorship, and I said I didn't want to, but if he liked I would look after the company for the first six months. At a subsequent stage I did accept the position as managing director for six months.

Q. That was after the company had been formed?

A. Yes.

Q. About the time you accepted the position initially for the six months period were there

discussions between you and the other members of the Board about the scope and extent of your duties, your anticipated duties in that office? A. Well, as you realise I was doing other duties with other companies of my own. It was thought that it might take me one, sometimes two days a week to administer this company.

Q. Did you have a discussion with somebody to that effect? A. I had discussions with Mr. Redpath about it, and Mr. Korman. I made it clear to them that in taking over the managing directorship I did so on a part-time basis to devote such time as I could to the affairs of the company. 10

Q. Was there any discussion about the premises from which you might operate the office - at any rate, in Sydney? A. Yes. It was discussed with me. I said I would not leave Sydney and I would carry on my duties from the Sydney office. They then said to me would it be possible for Queensland Mines to pay part of the expenses of the Sydney office, which were then being paid by Kathleen Investments and A.O.E., and I said I would make inquiries. I spoke to the directors of Mary Kathleen Investments and they were agreeable, and it was agreed that Queensland Mines should pay £12 per week towards the expenses of the office in O'Connell Street, Sydney. 20

Q. Were they expenses related to the maintenance of the physical office, or did they include the services of - A. They included services, they included the services of the office as well as portion of the rent. 30

Q. How many employees were working from the office, that is employees of yours or other companies? A. At that particular time the secretary of A.O.E. used to come to the office sometimes. I had two stenographers; one was acting as secretary to me, and Mr. Roberts, the Secretary of Mary Kathleen Investments, would come in occasionally, but he didn't use the office for his office. So really there was only myself, a secretary and a stenographer using the office. 40

Q. The stenographers looked after the telephone as well, attended the telephone as well? A. No. Her duties were more extended than that.

Q. But amongst other things? A. Yes.

Q. You did not have a separate telephonist in the office? A. No.

Q. The contribution to expenses of the office by

Queensland Mines was a contribution to all the office expenses? A. To all the services.

Q. You recall at the first meeting of directors of Queensland Mines a resolution was passed in respect of that matter? A. That is so.

Q. At that meeting also a resolution was passed by which you were appointed managing director, is that so? A. I was appointed managing director for a period of six months, yes. 10

Q. Do you recall at the same meeting a resolution being passed as to control of the financial affairs of the company? A. Yes.

Q. Do you recall what was agreed at that meeting about that matter? A. It was agreed that Mr. Redpath would have control of all financial matters.

Q. Where did Mr. Redpath operate from or was he to operate from? A. Mr. Redpath was the managing director - I think he was then called executive director of Stanhill Consolidated. He was also a director of Factors and quite a number of other companies in the Korman Group. 20

Q. He had an office in Melbourne, to your knowledge? A. Stanhill Consolidated office was in Queen Street, Melbourne, and Mr. Redpath's office was in Stanhill Consolidated office.

Q. At the same meeting Mr. Phillips was appointed secretary of the company for offices other than the Canberra office? A. He was appointed secretary, Mr. Phillips. 30

Q. I think Mr. Phillips was at that time resident in Melbourne? A. He was secretary of Factors Limited, who had their office in St. Kilda Road, Melbourne.

Q. One of the other first directors was Mr. David Korman? A. Mr. David Korman was the son of Stanley Korman.

Q. Do you recall whether or not in January, 1959, Mr. David Korman was a director of Stanhill Consolidated? If you don't remember - A. I would not like to be specific on that date. I knew he was a director of Stanhill Consolidated, but whether at that particular point of time I couldn't say. 40

Q. At that point of time Mr. David Korman, whom you had met, was quite a young man? A. He was a

young man at that stage of about 23 or 24 who was being trained by his father, Stanley.

Q. By 1960 Mr. David Korman to your knowledge had become a director of Stanhill Consolidated? A. Yes, he was a director of Stanhill; just when he was appointed a director I don't know.

Q. He was also a director of Factors Limited?

A. And he was a director of a number of subsidiary companies. There were actually about 120 subsidiaries in the Group, I think. 10

Q. At the meeting in January 1959, that is, when the people were variously appointed to jobs and administrative functions were distributed amongst them, was there discussion about the way in which the company affairs would be administered between you in Sydney, the day to day affairs, activities about drilling and Mt. Isa and other activities in Melbourne? A. Yes, generally the complete administration was left in my hands, but the work in connection with it, of course, took place outside Mt. Isa, about 30 miles out. And Mr. Ridgway, who was previously the Geologist in Dominion after he left A.O.E., took up the position as Geologist for Queensland Mines. He was sent to Mt. Isa to supervise that part of the drilling, and later on I set up administration in Mt. Isa under the control of an accountant, Mr. Gilroy. 20

Q. At that stage I think you arranged for a bank account to be opened on the imprest system in Mt. Isa for local operations? A. Yes. I had an account opened at Mt. Isa so that wages could be paid on an imprest system of which I or Mr. Gilroy could sign. 30

Q. Mr. Gilroy was the accountant in Mt. Isa?
A. Yes.

Q. That account was recouped as needed from Melbourne, was it? A. Up until June of 1959.

Q. The original arrangement was recoupment from Melbourne? A. From Melbourne.

Q. I think you found that was not working very satisfactorily as time passed? A. No, it did not work satisfactorily, and frequently the recoupment didn't get to Mt. Isa in time to meet wages, and on one visit there I made arrangements with the Bank of New South Wales to give an overdraft of 500 to the accountant to enable him to fill in any gaps. 40

Q. About the middle of 1959? A. In this time I am talking of pounds all the time.

Q. About the middle of 1959 I think you arranged for an account to be opened in Sydney, also to be kept on the imprest system? A. Yes. There were continual delays in getting accounts paid. I might say I approved all accounts and had them sent to Factors for payment. And it was agreed that an account should be opened in Sydney by Queensland Mines on the imprest system on which I was the person who could draw on the account.

10

Q. By resolution at a meeting of directors on 21st April, 1959 the Bank was authorised to open that account? A. Yes.

Q. In fact, it was not opened until - A. June.

Q. Some few months later? A. June.

Q. The account was to be kept on the imprest system to an amount of £500? A. That proved to be inadequate by June and that was increased to 2000. I think the original opening account was 2000. And subsequently the problems with the Mt. Isa account were still taking place and it was decided I recoup Mt. Isa from Sydney and that imprest account would then jump to 4000.

20

Q. Originally the bank account of the company had been established with the Bank of New South Wales in Melbourne? A. Originally, no. Actually what took place, up until May of 1959 no bank account had been opened for the company. All payments were paid direct by Factors. As from that date the Bank account was opened, calls were made on Factors and moneys from the calls paid into that account, Factors repaid what they had already paid and the matter proceeded on that basis from then on.

30

Q. To summarise it, in the early stages Factors were simply paying accounts out of their own moneys? A. Yes.

Q. On behalf of Queensland Mines? A. Yes, up to an extent of £96,000.

Q. In about May, 1959 a principal Bank account was opened in Melbourne in the name of Queensland Mines Limited? A. That is correct.

40

Q. In June the imprest account in Sydney was opened? A. That is correct.

Q. And the practice was that was reimbursed from time to time from the Melbourne account? A. That is correct.

Q. At the same time you had this Mt. Isa imprest account which was recouped from Sydney? A. That was recouped from Sydney after June.

Q. That in general is the way in which the financial banking structure and the structure for payment of cheques and the like was set up initially?

A. Yes. I recollect Factors was paid a very small amount on the shares to begin with, and as money was needed they made a call on the shareholding which I think was 1,020,000 shares, and they paid the money into the Melbourne account, the calls were paid into the Melbourne bank account and this provided the source of funds for carrying on the company. 10

Q. From the time the Melbourne account was established most accounts were paid, that is most Queensland Mines accounts were paid out of one or other of the bank accounts to which we have referred?

A. I dealt with the day to day Mt. Isa accounts, the day to day small expenditure from Sydney; but major accounts such as drilling accounts after approval by me were sent to Factors for direct payment rather than through the imprest system. 20

Q. For the most part accounts were paid out of one or other of the bank accounts? A. Yes.

Q. Established in Queensland Mines' name? A. Yes.

Q. That is after the accounts were opened?

A. That is correct.

Q. Were there some accounts paid even after that date by Factors itself? A. Oh, yes, because some of the accounts, particularly for drilling could be quite substantial and there would never be sufficient moneys in the imprest account to meet those accounts so major accounts were still sent to Factors to be paid. 30

Q. Factors then arranged for them to be paid out of the Queensland Mines' bank account in Melbourne if there were funds there? A. Yes.

Q. In some instances Factors paid them out of their own funds? A. Not after June. Can I qualify that? 40

Q. This is your recollection? A. Can I qualify it? At no time did I have anything to do with the accounts of the company, and I am only assuming that is correct. I assume that, but it is possible that large accounts could have been paid by Factors in the initial stages, a call made, and then Factors

refunded. I wouldn't be sure of that. I didn't know what actually took place.

Q. I suppose the making of a call had to await a Board meeting? A. Yes.

Q. Your Board meetings were not held with a great deal of - they were not held at short intervals?

A. No.

Q. To your knowledge the actual writing of cheques for the most part was done in the Factors office in Melbourne, that is outside those you dealt with in Sydney and those which were dealt with in Mt. Isa? 10

A. That would be correct, yes.

Q. Between January, 1959 when Queensland Mines was incorporated and June, can you recall what business was carried on by Queensland Mines, what activities it carried on? A. Well, the main business, of course, was the drilling of Andersons Lode, the diamond drilling of it.

Q. The object of that was to establish - A. To establish reserves. Then there would be the normal metallurgical work, that is splitting the core, testing and analysing and checking. In addition to that I had made arrangements through the Atomic Energy Commission and the Brisbane University to set up a small pilot plant to undertake metallurgical testing for the extraction of the uranium from the ore, so that quite an amount of ore was mined from the top and sent down to Brisbane University for the testing. But other than that, all the development, all the work was in the drilling of Andersons Lode which embraced, of course, quite a lot of ancillary work. 20 30

Q. At the same time in that period January to June, 1959, were you personally concerned in any pursuit of contracts for the sale of uranium oxide?

A. I started immediately I became managing director on trying to follow up the possibility of obtaining a contract. There were, I think, at that stage, a balance, somewhere about 7000 tons, 6000 or 7000 tons to be supplied under the original arrangements, but I saw the British Atomic Energy Commission all the time had - I was down seeing the Government and the Minister for National Development trying to force a decision so the company could get a contract. 40

Q. What amount of your time was occupied so far as you can estimate or recall in the general supervision of Queensland Mines' affairs and in those negotiations or discussions about the possibility of contracts in that period from, say, January to June, 1959? A. During the initial stages I set up 50

administration, got offices, had them partitioned, put in an accountant, had a set of books put in; also I purchased the necessary equipment, that is the trucks and Jeeps and things. I would be in Mt. Isa, you know, for a week or ten days doing undertaking till I set up administration, and the system of administration I set up was that Mr. Ridgway took charge of the drilling and all the drilling was done under contract. So that after I set up the administration in Mt. Isa I didn't have to go to Mt. Isa more than, say, once every second or third month. I did, however, go quite a lot to Brisbane on the metallurgical side. But I would say after I set up the administration one and a half days a week would probably enable me to cope with the work involved. 10

Q. After June 1959, say, in the next eighteen months or two years, did the volume of work which you needed to do for Queensland Mines' affairs increase? A. Well, it did, because it had to start on feasibilities; the metallurgical work became very difficult. The tempo rose, of course, trying to force the issue. Yes, I would be doing more about June. 20

Q. And from June onwards in 1959 for how long?
A. For about three or four months after June I would probably be working more, and then it slowed down. I did a fair bit of travelling but I would always travel at the weekends to save time.

Q. In the first six months or so did Queensland Mines also acquire another uranium lease or exploration lease? A. Yes, it did; a lease known as the Skal lease. 30

Q. Whereabouts was that lease? A. That was about twenty miles from Andersons Lode.

Q. In what circumstances did you come to learn of the existence of that prospect or lease as available for purchase? A. Mr. Ridgway brought it to my attention. He had been Chief Geologist for the Queensland Government and for some years he had been interested in uranium development in Queensland. He brought it to my attention and said he felt there could be another thousand tons U308 uranium oxide contained in the Skal deposit. He said he would be able to get an option from a man named - 40

Q. It doesn't matter? A. I forget the name now. He said he could get an option from this chappie, and he said we should take it on and extend its reserves to Andersons Lode. He told me he had spoken to Mr. Korman about it. At a later stage I was in Melbourne and I spoke to Mr. Korman about it and I agreed with him that it would be a suitable adjunct, 50

that if Andersons Lode went into production the additional ore would lengthen the term of the plant and could assist in the capitalisation of it. I spoke to both Mr. S. Korman and Mr. Redpath who was then Chairman of Queensland Mines and suggested that perhaps we might, they should take it over. They said to me, "You know what Mr. Burt's attitude was", he was Chairman of Factors. I spoke to Mr. Korman and Mr. Redpath first and I suggested that perhaps we could do it by way of preference share issue so we did not disturb the original structure of Queensland Mines in regard to Andersons Lode. 10

Q. You said someone made some reference to Mr. Burt? A. Mr. S. Korman said, "You had better see Mr. Burt".

Q. That is Oswald Burt? A. Yes.

Q. I think you knew him as a solicitor, amongst other things, practising from Melbourne? A. He was a solicitor practising in Melbourne. I knew him also as the Chairman of Factors. I never knew him personally as a solicitor. 20

Q. You knew he was a solicitor? A. Yes.

Q. You knew - A. When I went to see him I went to a solicitor's office.

Q. You have told us Mr. Korman said, "You had better see Mr. Burt"? A. Yes.

Q. Did you go and see Mr. Burt? A. I went to see Mr. Burt and suggested to him, and he wouldn't have anything to do with it. 30

Q. Can you recall what he said to you? A. He said to me "There is to be no extension of Queensland Mines' activities" and he was not prepared to put in any further money into any activities, and he pointed out to me that A.O.E. was having a free ride, in fact, at its expense, according to him. I probably didn't quite look at it in that way, although I did agree with him to a certain extent. I pressed him about it and he would not have anything to do with preference shares. So finally I said to him, "I do think it is advisable we should take it over". He said, "I will only do it on this basis: A.O.E. put in half the money, Factors put in half the money, and if it is any good we will form a new company. We will form a new company between Factors and A.O.E., but I won't disturb Queensland Mines' set-up". He asked me what it would cost in my opinion to do preliminary investigations. I said, "Somewhere about 45,000". 40

Q. Did he suggest in what manner the money 50-50 between the two companies should be put in?

A. 50 per cent by A.O.E. and 50 per cent by Factors.

Q. In what form? Was that discussed? A. A.O.E. was not to, was still suffering with lack of liquidity, and I think we had to pay 10,000 for the option, and I got Factors to put in the original money to exercise the option, and I agreed to recoup Factors for 50 per cent of any moneys they put in. There is a separate account kept in the books in respect to it, and we periodically adjusted the moneys evenly between us. 10

Q. Was there talk about whether the money which was to be put in was to be put in as share capital?

A. No; loan moneys. They originally were to carry interest at six per cent and then that was changed to ten per cent.

Q. Those arrangements ultimately are the subject of a resolution at a meeting of directors at Q10 held on 23rd July, 1959? A. Could you read a reference to the minute, perhaps? I know it is referred to in the minutes at a later date. (Document shown to witness) A. Yes, that was the resolution. 20

Q. During this discussion with Mr. Burt do you recall him saying anything to you about Factors' original participation in Queensland Mines? A. I had been to see Mr. Burt before this. When I went to see Mr. Burt I found out he was violently opposed to Queensland Mines. 30

Q. What did he say? A. His view was Factors was an investment company and it should not be interested in mining gambling. He was quite adverse to the company itself, and in the beginning quite adverse to me. I took that as a solicitor, of course, I didn't take much notice of that. He was quite adverse and told me it was not to do anything in the company other than what it was originally formed for. At that stage I said to him, "I think that is unwise. We have an option established, we have two or three Geologists, we have the set-up of an exploration company in Mt. Isa which is a mining area and every day we are getting prospectors coming in wanting us to sell or get us to look at various different mining propositions" - not necessarily uranium, it might have been tin, gold or copper - and I said "I think it would be very unwise when we are in this position not to take advantage of the reputation" - and we had developed a very good reputation in Mt. Isa because of the work we were doing and the quick way we were undertaking it. And I 40

said, "I think we should have a look at these things". He said to me, "Well, I am prepared if you only look and you don't spend too much money. I don't mind you using the Geologists' time but you are not to spend any money on development. And if anything comes of these things we will just form a new company between Factors and A.O.E."

Q. Queensland Mines did look at a number of mining prospects that were introduced to them in both Queensland and the Northern Territory? A. Yes, we looked at about four. I think one was a tin mine. I looked at a copper mine up in the Gulf of Carpentaria. We looked at some uranium mines over further to the east. I think we looked at a silver lead show, you know, a few things like that; but no money other than the expenses of just looking at them or travelling to them. As a matter of fact, they were all turned down, they were no good. 10

Q. When you had these conversations with Mr. Burt you, of course, were aware that Factors Limited, whilst a company in which Stanhill had a substantial shareholding interest, was a public listed company? A. Factors was a major public company, investment company; dealt with hire purchase, loans, usual thing. 20

Q. General finance? A. General finance. Not quite the same type as the merchant bank as we know it today, but generally in that description. I knew of the seven directors four of them were Stanhill directors, and I knew that Stanhill had a large shareholding plus an option which if exercised would have given them a share control of Factors. 30

Q. At that time you were aware that Factors had only fairly recently come under the control of Stanhill Corporation? A. As a matter of fact, first I thought it was just a subsidiary of Stanhill because they regarded it that way.

Q. You had become aware by the time you were talking to Mr. Burt that he had been one of the predecessors? A. I think Mr. Burt had formed the company and I think he as chairman guided the company through from a small to a large financial organisation. 40

Q. He was one of the very early directors?
A. Very early.

Q. And so far as you were aware, was not associated otherwise than on the Board of Factors with the Stanhill Group? A. That is right.

Q. Could you tell us by about October, 1960 what

views you had formed about the possibility or probability of Queensland Mines obtaining a contract for the sale of uranium oxide? A. I knew by October that the British Atomic Energy Commission had sufficient stock of the uranium, they didn't want to take any more. And from my discussions with the Commonwealth Government I knew that they were quite adverse to the sale of any uranium to countries outside England. They were adverse to Japan or suchlike countries receiving supplies. 10

Q. When you reached that conclusion did you communicate it to your co-directors? A. Yes. I communicated to the co-directors. I had mentioned that Mr. Burt and I after our first interview frequently had discussions when I was in Melbourne, and he himself had become fairly conversant with the position of the uranium contracts, so we knew by October that Queensland Mines - or I should say 7th September - that Queensland Mines was not going to make it with an early contract. I thought it could happen about four or five years but there was not any chance of that. 20

Q. Did you discuss with Mr. Burt and your other directors in Queensland Mines a proposal to do what is called "mothball" the company? A. I first had spoken to Mr. Redpath and told him that I thought it was useless carrying on with the development with Queensland Mines; somewhere about September I might mention I had finished drilling Andersons Lode - I should say by July/August of 1959. I had determined the reserves as far as I wanted to go, that is down to 1000 feet. I had started drilling the Skal and was still continuing drilling the Skal up to the end of 1959 - no, Skal went over to the end of 1960. Can I check? It is very difficult trying to think what years. I had finished drilling Andersons Lode in July 1960 and the Skal was still running somewhere up around September, October, November, 1960. I could see no possible contract and I had discussed this possibility with Mr. Burt in the early stages, and after talking to Mr. Redpath I went to see Mr. Burt and I told him in my opinion the company should be put into mothballs, and I felt that it could be maintained, ready to take advantage of anything, at a cost, an all-over cost of £5000 or £6000 a year. 30 40

Q. I think in short after discussions between all those interested that proposal was agreed to? A. Mr. Burt was most happy with the proposal and he agreed to it and told me he would refer it to Factors' Board. He later told me it had been considered by Factors' Board and a decision made to put it into mothballs. 50

Q. Your co-directors in Queensland Mines also agreed to that proposal, did they? A. I beg your pardon?

Q. Your co-directors agreed with you, that is your Queensland Mines co-directors? A. Yes. Well, the position at that stage as far as A.O.E. was concerned, Andersons Lode had been fully developed as far as it could be until you went into mining and the Skal reserves had been outlined sufficiently. I also was aware, of course, from an A.O.E. point of view that all the money other than 30,000 of the 250,000 had been expended, that is by October. So from an A.O.E. point of view I considered the job was sufficiently well done that the company should have been mothballed. 10

Q. Of course, from time to time you were wearing at least two hats? A. I was wearing a number.

Q. You were concerned as managing director of A.O.E. as well as managing director of Queensland Mines? A. Also director of Pacific Island Mines, another mining company. 20

Q. That company was not concerned with the Andersons Lode or Skal? A. No.

Q. About this same time, September/October 1960, you started winding-down the activity in relation to uranium oxide of Queensland Mines? A. I didn't start immediately because Mr. Burt then said to me, "Do you think Mary Kathleen Investments would be interested in buying our shareholding" - what date are you talking about? 30

Q. In September 1960 when you came to the conclusion, as I think you said - A. I came to that conclusion but my discussions with Mr. Burt did not take place till October. I had been pressurising Mr. Redpath, the Chairman, but it was in October that I finally got to Mr. Burt on it.

MR. HUGHES: September 1960?

MR. STAFF: October 1960.

WITNESS: I had long discussions with Mr. Burt about Queensland Mines. You are not asking for the whole conversation, you are just asking for the relevant parts. 40

MR. STAFF: Q. Would you tell us what you remember about the mothballing proposal? A. I beg your pardon?

Q. Would you tell us what you remember about that conversation? A. Relative to what? There were other conversations.

Q. In relation to your proposal to mothball the company? A. It was agreed - he was delighted. What he was frightened of all the time, he would have to find a million if I went into production.

Q. Did he say that to you? A. Yes, he told me in the early stages. I said "Look. Have no fear. I won't go into production unless I have got a contract". I think on my convincing him that this was so our relationship became a lot more friendly when he thought he didn't have to find a million pounds. When I told him we would have to go into mothballs he said he was happy about it and he agreed with me, and then he asked me whether I would buy Factors' shares - not myself, whether Kathleen Investments or A.O.E. would buy shares. I said to him, "I will refer it to the Board to see their view on it". At the same time we discussed termination of my employment. I said that both myself and Mr. Ridgway would have to be dispensed with, and we should be retained as consultants after the company is in mothballs so we could keep an eye on the uranium market, the sales side, and Mr. Ridgway on the metallurgical work being undertaken by the Brisbane University. It was decided this would be the position and at a later date, of course, our appointments, respective appointments, terminated. But before I put the company into mothballs, took active steps towards the sale of the assets, this question of Kathleen Investments purchasing Factors' shares, Mary Kathleen, and I put it to my Board and they agreed to make an offer.

Q. That is to the Kathleen Board? A. The Kathleen Board agreed to make an offer for Factors' shares and I conveyed that to Mr. Burt. I went to see Mr. Burt about it, and he asked me would I attend a meeting of Factors. I attended a meeting of the Factors' Board and on behalf of Mary Kathleen Investments I made an offer to them of 250,000 plus all their expenditure for the purchase of their shares.

Q. What happened? A. I was in an awkward position. I did say as managing director of Queensland Mines I didn't advise it but I refused to enter into any further discussion in view of my dual position; and my view is I left the meeting shortly afterwards and allowed the Factors' Board to determine the issue.

Q. Did you subsequently hear what decision they

had made about that? A. They subsequently conveyed to me the decision they would not sell.

(Luncheon adjournment)

ON RESUMPTION:

Q. Before I take up the tale of the story again, there are a couple of loose ends. What is your present age? A. Ernest -

Q. No; your present age? A. Seventy.

Q. You told us this morning you had taken the appointment of managing directorship of Mary Kathleen Investments in 1958 or prior thereto? A. Yes. 10

Q. What quantity of your time did the performance of your duties in that office occupy over the years, approximately? A. What years?

Q. Well, did it vary in various times? A. Oh yes, it varied terrifically. In the initial stages -

Q. Don't worry about before 1959, don't worry about the period before the beginning of 1959; from, say, the time that Queensland Mines was incorporated onwards? A. Well, it would take a half to one day a week, up until about 1964. And then it was diversified and became a different story. 20

Q. In relation to the imprest account of Queensland Mines which was maintained in Sydney what records were maintained in the Sydney office?

A. There would be a day book, cash book.

Q. Cheque book? A. Cheque book, day book, bank receipt book, bank deposit book.

Q. The book you call the day book is the cash book? A. Cash book, yes. 30

Q. Was the cash book written up progressively or once a week or once a month? A. It was written up regularly; almost daily, I would say.

Q. What was done in relation to informing the Melbourne office of the transaction in Sydney?

A. Once a month a statement was forwarded to them showing the disbursements from the account, and also a copy of all accounts, receipts and invoices in respect of any amount paid. That, of course, would incorporate the Mt. Isa invoices or receipts. 40

Q. As an example I show you a photocopy of what seems to be Folio 17 under the heading November, 1959.

Do you recognise what that is a photocopy of? I don't mean all the items, but the format? A. That would be a photocopy of one of the pages out of the cash book.

Q. Can you recall what the annexed typewritten statement is a sample of? A. It would show the balance amount paid out and - (Witness studies document) It would show the balance amount outstanding and the interest in the account.

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Q. And the items in the left-hand column? A. They would be disbursements out of the account.

Q. Description of cheques? A. Description of cheques, yes.

Q. That is a sample of the way in which the financial records in Sydney were made out and sent to Melbourne? A. Yes.

Q. The cash book did not go to Melbourne?
A. But this did.

Q. The typewritten sheet would go to Melbourne?
A. Yes.

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(Photocopy of Folio 17, November 1959 and annexed typewritten statement tendered without objection and marked Exhibit 4)

Q. Did you yourself have anything to do with the making out of the typewritten statement which went to Melbourne? A. No, I didn't.

Q. That was done by one of the girls in the office? A. It was done by a Miss Robinson, a very experienced stenographer who knew about books.

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Q. Was it your practice to peruse the documents before they went to Melbourne? A. No.

Q. After the statements had gone to Melbourne did you have anything further to do with the keeping of the financial records in Melbourne relating to the affairs of Queensland Mines? A. No. Mr. Phillips, Secretary of Factors, came through periodically.

Q. I beg your pardon? A. Mr. Phillips, the secretary of the company, came to Sydney periodically once every second month or so and went through with Miss Betty Robinson and checked the account.

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Q. You said following the statements being sent to Melbourne the imprest account from time to time would be recouped from Melbourne? A. Yes.

Q. That is the Sydney account? A. Yes.

Q. I think you told us this morning Mr. Redpath and Mr. Phillips were in charge of the financial records and the keeping of them insofar as they related to Queensland Mines in Melbourne? A. That is correct.

Q. During 1959 did you carry out any work or activity for anyone other than Australian Oil Explorations, Mary Kathleen Investments, Queensland Mines Limited, your own personal affairs and companies of which you were in control, was there anyone else or any other company that you can call to mind for which you did work? A. Yes; for Stanhill Consolidated. 10

Q. Would you tell his Honour when and how that came about, that is in origin? A. The latter part of April, 1959, or it could have been very early in May, 1959, I was back in Broken Hill in reference to the matters affecting my practice, the winding-up thereof, when Mr. Korman rang me. 20

Q. That is Mr. Stanley Korman? A. Mr. Stanley Korman; and said to me "Would you accept a position as adviser to me for Stanhill Consolidated?" I said to him, "Well, what does it involve?" He said, "One, maybe two days a week", and I said, "I, of course, won't leave Sydney". He said, "Well, that's all right. You can work from Sydney" and he said, "The position would be worth £10,000 a year". I replied to him, "That seems a lot of money" if it was only going to be one or two days a week. And he said to me, "You are the first one who has ever queried salary to me". I said "I don't know, Mr. Korman. I will think about it and I will ring you back". 30

Q. Was that the whole of the conversation on that occasion that you can recall? A. To the best of my recollection that is the first part of the conversation.

Q. So far as you can recall was there any discussion of the sort of thing that you were to advise on? A. No, he didn't indicate to me, but I assumed it was in relation to his desire he expressed to me some time before for setting up a steel industry or related thereto. 40

Q. At that time you told us you were winding up the affairs of your practice in Broken Hill. Were you at that time considering your future activities? A. No. I had worked hard and decided to retire; I had come to Sydney and I intended to go and live in the islands really. I had got tired of dust, put it that way, and I had ordered a boat to be built for 50

that purpose. I intended to go to Bougainville and undertake some mineral exploration there for a while. But this was why I would only accept that position for six months in Queensland Mines, because the boat had not been completed. At the time Mr. Korman rang me and why I delayed was that I had met my late wife at that stage and I had only just recently met her and my views about living in the islands were changing.

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Q. You were not previously married? A. No.

Q. You had not married prior to this point of time? A. No. I had not been married for some number of years, some twelve years.

Q. That was the state of your thinking -
A. My mind.

Q. - about the future at that point of time. You gave some consideration to Mr. Korman's suggestion, did you? A. Yes.

Q. Some little time later you had another conversation? A. Yes. In a couple of days time I rang him back. I had given thought to it, to other aspects. I said I would accept the position but I thought that the fee of £10,000 was a bit high and I would take £7500. I didn't want to be entirely committed. And he said "All right. When you come back to Sydney come down to Melbourne and see me".

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Q. You mentioned that earlier, that is before the first of these conversations with Mr. Korman you have spoken of this afternoon, you had had a conversation with Mr. Korman in relation to the steel industry. When was that conversation? A. The first discussion I had with him about that was at the meeting at Surfers Paradise in November of 1958. At that time Mr. Korman said to me "You know, we have been looking for iron ore in Queensland. Mr. Ridgway has been doing the work for us. And we have a couple of areas of about 350 square miles that we are looking at; and, of course, if we find anything there I would like to have another yarn to you, other than iron ore". At a later stage, it was somewhere about the time of the first meeting of Queensland Mines, I was in Surfers Paradise for that meeting, that meeting was held in Surfers Paradise. And I had dinner with Mr. Korman and his wife, it was a social matter, and he then told me that he was very anxious to set up a steel industry as he thought it would give a solid base to his industrial expansion. I had no knowledge of these things at the time and it was just a matter of conversation.

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Q. Was there any further discussion about what might be done in that direction at that time at Surfers Paradise that you can recall? A. No. It was later, I should say probably the following month I saw him, and he said to me that they had not been successful in finding any iron ore in Queensland, and he said did I know of any deposits. I said, "No, I don't really. I don't know much about iron ore, but a friend of mine, Mr. Palmer, would probably know more about it than I do. What about if I speak to him for you?" 10

Q. What did he say to that? A. He said, "Well, do that," words to that effect.

Q. When did this conversation take place in relation to the conversation you had with Mr. Korman on the telephone when you were in Broken Hill when he offered you, or asked you to take the advisory job? A. These conversations were prior to that. Those conversations took place early 1959. 20

Q. Did you then speak to Mr. Palmer? A. I spoke to Mr. Palmer about Mr. Korman's desire in February 1959, that was prior to the conversation at Broken Hill, and I asked him did he know of any iron ore deposits. And he - well, the best possibility of establishing a small steel industry. Mr. Korman was not thinking of a major steel industry, he was thinking of one in the terms of, say, half to a million tons a year of steel product.

Q. That is what he told you? A. Yes. I said to Mr. Palmer. He said "The best opportunity is New Zealand". 30

Q. Did you say that is what you said to Palmer or what Palmer said to you? A. I said to Palmer. I told him what Mr. Korman was looking for. He said, "I think the best opportunities are in New Zealand in relation to the iron sands in New Zealand". I said to Palmer, "I will pass that on to him". At that stage I was trying to get some information for Mr. Korman. When I next saw Mr. Korman I told him that, and he asked me who Palmer was and I told him who he was and I had a high opinion of him, both as a Geologist and as an Engineer. And he said, "Well, get him to go over and have a look at it". I think I had been down to Melbourne somewhere about the time, and I came back and spoke to Mr. Palmer. I was associated with Mr. Palmer through Pacific Island Mines, another company I was director of. And I said would he like to go over and have a look at this, and he said all right, he would do it. And he then left for New Zealand to undertake a feasibility study. 40 50

Q. Pacific Island Mines was a company which had some mineral exploration activity in the Pacific Islands? A. In Messama Island in the Pacific.

Q. Where is that? A. It is off the south tip of New Guinea. It is about 120 miles between the bottom of New Guinea and the Solomon Islands.

Q. You then, having asked Palmer to go to New Zealand, left him to carry out that task? A. Yes. I didn't have any more to do with it. 10

Q. Did you subsequently meet Mr. Palmer or receive a report from him? A. Mr. Palmer came to my office April, 1959, and handed me a report. It was addressed to me; and a couple of copies. I posted it down to Mr. Korman with a copy. I don't think I have a copy of that.

Q. Would you look at the photocopy (shown to witness). That is the document that Mr. Palmer presented to you and which you sent on to Mr. Korman - I think you said in about April, 1959? A. Sometime about April, I should think. 20

Q. If you look at the second page you will see the notation at the right hand bottom - A. Yes; April 1959.

Q. I draw your attention to the heading to it and perhaps also to the first paragraph on the third page under the heading 'Introduction'? A. Yes.

Q. Did you tell Mr. Palmer on whose behalf this investigation was to be done? A. I said Mr. Stanley Korman. 30

Q. Before he went to New Zealand? A. When I first spoke to him, yes.

(Preliminary report of Mr. Palmer to Mr. Hudson on New Zealand iron sands resources tendered without objection and marked Exhibit 5)

Q. Do you recall, and if you don't, say so, any conversation with Mr. Palmer after he presented that report, or about the time he did, as to to whom he should render his account? A. No, I don't recall. 40

Q. Are you aware from your own recollection whether his fee was paid or who paid it? A. I didn't know then, nor did I know up till recently. I do know now.

Q. At the time did you know whether or not

Queensland Mines Limited paid him for that? A. I didn't believe that Queensland Mines paid him.

Q. That was in April, 1959. You told us that about the end of that month or early May you had the conversation with Mr. Korman on the telephone at Broken Hill; and some time later you told him you would take the position that he had asked you about?

A. That is correct.

Q. Did you then see Mr. Stanley Korman in Melbourne a little later, that is after the conversation indicating your acceptance? A. Yes. It would be within a week to ten days after that conversation. 10

Q. Can you recall what was said in that conversation? A. Yes. Mr. Korman told me he had received the report from Mr. Palmer, that he was interested and he had been in touch with his brother Hillel who was then the managing director of Holeproof (New Zealand), a subsidiary of Factors, I think - not of Stanhill, a subsidiary of Factors, and they were interested in New Zealand, the possibility; and would I go over to New Zealand with Mr. Palmer, attend a meeting the Government was calling and generally negotiate with the Government under instructions from his brother, Mr. Hillel, to see if I could obtain the leases over the iron sands. 20

Q. What did you say to him? A. I said "All right".

Q. Is there anything else you can remember then being discussed? A. I said I would read Palmer's report. I don't think I had read it up till then. He then said to me, "Pay any of your expenses out of the imprest account, send them down to Melbourne and they will be fixed up by Mr. Carrodus". 30

Q. You knew Mr. Carrodus at that time as an executive of Stanhill Corporation? A. Well, I had met Mr. Carrodus when I was objecting to late payment of Queensland Mines' accounts and I had complained frequently in Melbourne about it and I was told to see Mr. Carrodus who was the finance man that adjusted all accounts between the various companies and subsidiaries, and I knew him in that capacity. 40

Q. Was there any more conversation with Mr. Korman at that time that you can recall? (No answer)

Q. Don't worry? A. I can't at the moment recall.

Q. Subsequently to that conversation did you then speak to Mr. Palmer? A. The other part of the

conversation I recall was that Mr. Redpath and Mr. Taft would be going over.

Q. With him? A. With me, and that they would contact me and arrange the identical plane so we would travel together.

Q. Apart from the other hats he wore I think Mr. Redpath was managing director of Stanhill?

A. He was managing director of Stanhill, yes.

Q. Did you know what Mr. Taft was or where he fitted into the picture? A. I didn't. It took me quite a long time to find out what Mr. Taft - he did have certain technical knowledge and training in regard to iron and steel, but I didn't regard him as a qualified man; but he did have some practical knowledge. 10

Q. We will come back to him in due course. You then arranged for all these people to go to New Zealand? A. No, I didn't arrange it.

Q. It was arranged? A. It was arranged. I spoke to Mr. Palmer about it and Mr. Palmer said he would be coming over with me, and somehow or other the planes were synchronised, I can't remember how. 20

Q. Do you recall whether you made your own plane booking? A. Yes. I booked through the American Travel Agency.

Q. Subsequently did you get an account from them? A. Yes, I got an account from them at a subsequent date.

Q. You then went to New Zealand and you spent some time in the company of the gentlemen you mentioned over there? A. Yes. I mainly interviewed the top Government people there in New Zealand. 40

Q. And amongst them I think you also had some communication with Mr. Hillel Korman in New Zealand on that occasion? A. Yes.

Q. Did you also see the New Zealand Prime Minister? A. Yes, I saw Mr. Nash who was then the Prime Minister.

Q. And others of his Government? A. Other Government representatives, including the top man of the Department of Trade and Commerce. 40

Q. After you came back to Sydney, Mr. Hudson, do you recall writing the letter in terms of the photocopy which I show you? A. I recall dictating the letter.

Q. That is about all you recall of it, is it?

A. I dictated the letter, I didn't sign it. I left it to my secretary, Miss Robinson, to sign that. I saw the letter.

MR. STAFF: I tender that, your Honour.

(Letter dated 22nd July 1959 from Mr. Hudson to Mr. Phillips and attached accounts admitted without objection and marked Exhibit 6)

Q. Mr. Hudson did you have some discussion later in 1959 with Mr. Palmer about the progress of the negotiations that had been opened up in New Zealand in relation to the iron sands? A. I had so many conversations with Mr. Palmer it is difficult to remember. 10

Q. When you returned from New Zealand did you see Mr. Korman, Stanley Korman? A. When I returned from New Zealand I saw Mr. Korman, yes.

Q. You told him what had happened in New Zealand? A. I told him exactly what had happened and gave him my advice about the matter, but not from the technical view. 20

Q. Having done that did you then, some six weeks or so afterwards, go back to New Zealand. Do you remember? A. Yes.

Q. Did you then have some further discussions with Governmental representatives? A. I had further discussions with the Government, I also myself had a look at the question of ports at Auckland, at various charts and contemplated where the site for the steel industry would go, generally had a look around and got some background information. I also at that stage started looking with Mr. Palmer at the quantity of imports into New Zealand, the type of imports, cost structuring and retail prices and generally became familiar with the usage in New Zealand, steel usage, its importation, its distribution and other factors and I had numerous discussions with the head man of the Department of Trade & Commerce. I also went to some meetings, of course at that stage some advertisements had appeared in the papers to the effect that Mr. Korman was trying to get these leases and there was a meeting of people who were not interested in starting the steel industry, basically from the distributors, who were importing those from Stewarts & Lloyds in London, and B.H.P. in Australia. I went to some meetings of opposite parties at the same time. It was suggested, I think, by Dr. Sutch of the Department of Labour & Industry that it would be a good idea 30 40 50

if we want to further our application to the Government that I should start considering a feasibility study in reference to starting up a pipe industry, that is, a galvanized pipe industry in New Zealand. It had been thought that if we did that it would show specific interest and to carry on to steel industry at the same time. We wanted to consider whether it was economic as a separate unit and I started collecting information for this. 10

Q. On that occasion approximately how long were you in New Zealand? A. On the second occasion I would be there at least a week.

Q. At that time had it become apparent that the New Zealand Government itself wanted participation in anything established? A. Yes, this was started and pressure was brought on the Government, the Labour Government at that time, the same nationalistic feeling had developed in New Zealand and the Government had then decided that itself would be a party to a new steel industry and would take 51% of the company. I had a deal with the Government that Mr. Korman would get the other 49, but it didn't stand up. 20

Q. When you came back to Sydney you again saw Mr. Korman I take it and reported to him? A. Yes.

Q. And he, I suppose, had also heard from his brother? A. Yes, his brother was reporting direct to him.

Q. Did you form a view about the prospects of the sort of proposals Mr. Korman had been talking to you about. That is the prospects of establishing. 30
A. What period of time?

Q. By about September of 1959? A. Well, it seemed to me dubious that he would be able to get control of the new steel industry.

Q. In the light of that did you then have some further discussions with Mr. Korman about the steel industry generally? A. Yes I did, it would be around September 1959. I told Mr. Korman that I felt that the distributors were baulking to bring pressure on the Government that he would never get control of the industry in spite of what the head man of the department had told me, that he favoured Mr. Korman having 49% and he then said to me "Well are there any other iron ore fields in Australia?" and I said, "Well at that stage I became aware there were some in Western Australia". I said "I don't know much about it". I told him I didn't know much about iron ore, but I said that there was some in Western 40 50

limonite

Australia, and he said "Well, we ought to have a look at them. Would you get Mr. Palmer to get to look?" and I said, "All right". I said, "But while you are looking at them there is also a question of a lot of sands in Western Australia but they are not iron sands, they are ~~limonite~~ sands, and he should look at them to see if he should establish a pigment industry in Western Australia", and he said "Let him have a look at them too" and some time in September or October I discussed the matter with Mr. Palmer and asked him would he carry out an investigation for Mr. Korman.

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Q. What did Mr. Palmer say? A. Mr. Palmer said he would.

Q. Then before we pass on to that phase, about this time did Mr. Palmer have some discussion with you about an account that he had sent to Stanhill?
A. Yes he did. Mr. Palmer had called to see me and I did see Mr. Palmer because of associations with Pacific Island Mines and he told me that his account on going to New Zealand in May 1959 had not been paid and when Mr. Korman asked me to instruct Palmer -

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HIS HONOUR: Q. Was this in May? A. Yes, in May 1959. I went with Mr. Palmer, Mr. Palmer had gone over in February but returned with me in May to New Zealand. The reference in the account is reference to the May visit to New Zealand. I didn't get it until July.

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MR. STAFF: Q. I think the sequence, Mr. Hudson, you told us Mr. Palmer went over first of all himself?
A. He went over in February, and I am quite sure that I went in May with Mr. Palmer, reasonably certain that that was the date I went because I recollect it was not too long after I had discussions with Mr. Korman.

Q. Then you went back again when you spent the week there in July, was it? A. No, I don't think I went in July, I think I went in May and I don't think I went until quite later.

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MR. STAFF: Perhaps to assist his recollection might Mr. Hudson be shown Exhibit 6 (Exhibit handed to witness).

WITNESS: Yes, I apparently went in May.

MR. STAFF: Q. Do you see in the accounts that the debit notes refer to - A. A trip.

Q. It has a date, July 3? A. Yes.

Q. Do you say that is the date on which you made one of your trips or a trip to New Zealand?

A. Well I made about 8 altogether, all told, that would be one of the trips.

Q. I think you had told us that Mr. Palmer went first in February? A. Yes, I am fairly confident I went in May with Mr. Palmer.

Q. And then again? A. I went three or four times. I went on my own quite a few times. 10

Q. I was asking you about conversation with Palmer in which he told you that an account of his in respect of a visit to New Zealand had not been paid?

A. Yes.

Q. I think you said it was your recollection that that was in respect of a visit in May 1959?

A. That was in respect of a visit by me, Mr. Palmer didn't go with me all the time to New Zealand but my recollection is he only went on three occasions. 20

Q. What did he tell you about that account, the unpaid one? A. He told me his account had not been paid and I said to Mr. Korman when he asked me to get Mr. Palmer to do the other job, I said "Mr. Palmer's account for going to New Zealand is still outstanding, it has not been paid", and he said "Why don't you pay it out of the imprest account", and I said, "Well I don't have the account", and I didn't know, I thought his prior instructions were in reference to my own expenditure. He then said to me, "You know, there is so many companies down here it is (simple?) to mix up and delay an account, so in future pay any matter on which you are concerned, working for me, out of the imprest account and send it down to Melbourne and let Carrodus pay it". 30

Q. Did you subsequently inform Mr. Palmer that his account had been paid? A. Mr. Palmer subsequently saw me and said his account had been paid.

Q. Do you recall whether that account was paid out of the imprest account or not? A. It was not paid out of the imprest account. 40

Q. Mr. Palmer went for some time after your September conversation with him to Western Australia?

A. Pardon?

Q. Mr. Palmer went to Western Australia after your September conversation? A. That's right.

Q. Before he went did you have any discussion about Tasmania? A. No I didn't.

Q. With him? A. No.

Q. Between you and he? A. No, I had no discussion.

Q. He went off to Western Australia and then came back to you some time later, and handed you a document did he? A. That's right.

Q. Have you got that? A. No.

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(Exhibit "M" handed to witness)

Q. Is that the report that Mr. Palmer brought back to you after his Western Australia trip? A. Yes.

Q. Did you look at it when it came to your hands?
A. I looked at it, yes.

Q. I suppose you noticed that it was entitled to "Iron Ore and Ilmanite deposits in Western Australia and Tasmania"? A. That's right.

Q. Did you then have a look through it generally and see what his conclusions were? A. I didn't study it, I looked through it generally.

20

Q. Do you recall any conversation with Mr. Palmer about a person or company to whom he should send his account in respect of the work he had done? A. I told him to send it to me care of Queensland Mines.

Q. You subsequently got an account from him?
A. Yes.

Q. Which was paid out of the imprest account?
A. Which I had paid out of the imprest account, yes.

30

Q. You cause a copy of the report to go down to Mr. Korman did you? A. Yes.

Q. Did you discuss the report with anyone who at that time was a director of Queensland Mines?
A. No, not at that time.

Q. Had you discussed the matter of Mr. Palmer making a report and investigation with anybody who was a director of Queensland Mines prior to him going to Western Australia? A. No.

Q. Whatever may be the legal result, Mr. Hudson, did you at the time you instructed Mr. Palmer to

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make the report regard yourself as acting in any way for Queensland Mines? A. No, not at all.

Q. Did you so regard yourself, when you received the report from Mr. Palmer? A. No, I did not.

Q. In relation to any of the New Zealand investigations, did you regard yourself insofar as you played any part in it, as doing anything in your capacity as managing director or director of Queensland Mines? A. No. 10

HIS HONOUR: Q. Did you regard any of those expenses that were paid through the imprest account as being paid by Queensland Mines? A. I regarded them as being paid on behalf of Stanhill.

Q. As you saw it were any monies at all of Queensland Mines expended on these investigations?
A. No.

MR. STAFF: Q. We have now got up towards the end of December 1959. You sent it down to Mr. Korman did you, shortly afterwards that discussion with Mr. Korman about the matter raised in Mr. Palmer's report of December? A. I saw Mr. Korman probably somewhere late January or February and I was mainly interested, I was interested in both aspects, but I asked him about the pigment industry and he said to me he was not interested in establishing a pigment industry. 20

Q. It appears from Mr. Palmer's report that he had recommended in favour of - A. Yes, he said "In spite of the fact that you and Mr. Palmer had recommended it, I am not interested". 30

Q. What else did he say? A. Well, he was interested but not to any great extent, in Tasmania because of other events that were then taking place. At that relevant time I was trying to establish a steel industry in Victoria for him.

HIS HONOUR: Q. You say you were trying to?
A. Establish a general steel industry in Victoria.

MR. STAFF: Q. Did you talk in the same discussion about those activities. Did you speak with him about those activities? A. I was speaking with him consistently about those activities but nothing was done with the report. 40

Q. At that point of time? A. From the time it was received to August of 1960.

Q. I think at the same time the New Zealand

question was still an open one, the New Zealand iron sands was still open? A. Still open, but you will note the capital investments in Palmer's report was very high.

Q. Do you recall what Mr. Palmer estimated for steel plant? A. \$100,000,000, whereas the one in New Zealand contemplated was about \$30,000,000.

Q. Did you in February of 1960 look again at the question of establishing galvanized pipe manufacturing plant in New Zealand? A. What period of time? 10

Q. February 1960? A. Yes.

Q. And in the ensuing months? A. Yes, well I did a very detailed report on it and it took quite a time for me to complete. I don't think I completed that report until about the same time as we had to get out of New Zealand, about May 1960.

Q. And that was done after discussion with Mr. Korman was it? A. Oh yes.

Q. Would you look at the document which I show you. Is that a copy of the report which you prepared in May 1960? A. I completed in May. 20

Q. And in the preparation of it did you have some assistance from Mr. Palmer? A. Yes, I took Mr. Palmer with me to New Zealand and he did a lot of work in relation to sizing of piping and while I was doing other aspects I also employed another firm in Melbourne, who were design engineers, I forget their name for the time being.

MR. STAFF: I tender that. 30

(Mr. Hudson's report on piping and power mills in New Zealand admitted without objection and marked Exhibit 7)

WITNESS: I was assisted in that report by Mr. Palmer and also had costing from a design engineer in Melbourne.

MR. STAFF: Your Honour might note the opening sentence, the first two sentences.

HIS HONOUR: I was puzzled by the name on the front.

MR. STAFF: Q. Tell us where the name came from? 40
A. A company formed by Stanhill in New Zealand, which was going to carry out the examination of the iron sand and subsequently the steel, I suppose.

Q. It was a company which was in fact formed, in fact incorporated? A. I'm not sure, I think it was incorporated. There are some references somewhere about it. I didn't have much to do with that aspect, that was left to Hillel Korman and Mr. Korman.

Q. Was that report to your knowledge made available to the New Zealand Government? A. Yes, it has been agreed that when I completed the report I would submit it to the New Zealand Government. Some time ago Dr. Sutch who was then the head man in the Department of Trade and Commerce, came over to Sydney to discuss it with me. It was rejected because it was thought to become part of the steel industry that was subsequently established. 10

Q. After you completed the report to whom did you first give it? A. I gave it to Mr. Korman, who, I understand, sent it to New Zealand.

Q. I go back to mid 1959, Do you recall some conversation with Mr. Korman in which he asked you to undertake an investigation into a proposal for centrifugally spun cast iron pipe? A. Yes. 20

Q. What did he say to you and you say to him about that? A. Mr. Korman when I was down there said to me that he proposed to set up a spun pipe industry in Victoria, the pipes of course were 4 inches to 6 inches pipe, normally used for water and sanitary and said to me his accountants had looked into it and it seemed to be a good proposition, would I look at it and see what I thought about it. 30

Q. Did you agree to that? A. I said I would do so.

Q. Did he give you some documents in relation to it? A. He gave me a lot of documents dealing with machinery which was to be purchased from Belgium, Mr. Taft had been over to Belgium and the Belgium firm had what they called the latest design in machinery for producing these spun pipes.

Q. Did he also give you some financial pages? A. He gave me his accountants feasibility cash flows and I undertook an investigation which extended probably over six weeks or two months, not consistently but independently. I undertook the market survey. The result of my survey showed me there is no market in Melbourne for the output of the factory. 40

Q. I show you some photostats of some material. I ask you to look at it and tell me if that is some of the material that Mr. Korman gave you at the time

in relation to that matter? A. It is some of the material. I haven't got my report. That is some of the material I used in preparing the detailed report.

MR. STAFF: I tender that.

(Material about centrifugal casting of pipes admitted without objection and marked Exhibit 8)

Q. Mr. Hudson, I think you said you did write a report for Mr. Korman about that matter? A. Yes. 10

Q. But you have searched for it and not been able to find it? A. That is correct.

Q. I think you also had your office staff search amongst your papers generally for it, without success? A. Yes, I rejected it, I advised against it.

Q. Against the proposal, yes. I don't propose to go into the detail of it all. After you completed that task did you have some discussions with Mr. Korman about a foundry in Melbourne with which Mr. Taft was concerned? A. Taft, oh yes, I did. 20

Q. What was that conversation? A. Mr. Korman told me that he had arrangements whereby he had an option or some arrangement whereby he was to consider taking over the E.P.M. foundry and expanding it to produce steel pipes, 4 inches to 40 inches. At that stage of course, the foundry was not producing steel and the idea was, they were going to use a method of heating called a cupola, which is a very old method of making steel but quite inexpensive, but of course with a limited output and he said to me "I will look into the idea of taking over the foundry and expanding it" but it became part of the overall planning to establish a steel industry in Victoria. I carried on some time with Mr. Taft in examining this proposition which had merit in itself but for various reasons I finally recommended against it. 30

Q. Again you prepared a feasibility report on that? A. I prepared a market study. The main problem with all these things were the market studies. I submitted my report to Stanhill Consolidated. 40

Q. And again you have not been able to find a copy of it? A. I haven't been able to find a copy of the report.

Q. Notwithstanding attempts to look for it?
A. No I haven't. A lot of the papers from a long time ago have been cleaned out of my office.

Q. About the end of 1959 or early 1960 did you have another discussion with Mr. Korman about looking at the possibility of establishing a small steel making plant using electric smelting and scrap as furnace feed? A. Yes.

Q. What was that discussion, what did Mr. Korman ask you to do? A. I wasn't very happy about the M.P. foundry because of its limited production and using the method they were using in the cupola, and Mr. Korman said to me "There is a steel mill operating and that was Melbourne Iron & Steel which was operating outside Melbourne". It was basically using scrap steel and it was smelting it in a smelter furnace, electric furnace and making small odds and ends of steel. I went and examined it. I went back into the history of it and determined its profitability and otherwise over the years. I knew the machinery and equipment was old but I did find there was a market for it, pretty extensive market in Melbourne for that type of thing and that was reinforcing rod and things like that for modern construction works. They were doing about 35,000 tons a year at that stage. I looked at it and part of my looking at the thing involved having a look at the scrap availability in Victoria. I did a fairly comprehensive discovery of scrap availability in Victoria and came to the conclusion that you could not support what Mr. Korman wanted, about 100,000 tons of steel a year from the available scrap in Victoria. From that he wanted me to take over scrap merchants and I looked at that and found out they were already controlled by people who wanted the scrap and I gave him certain advice and tendered to him a report.

Q. Would you look at the photo copy of the 7 pages that I show you and tell me if that is a copy of the report? (Handed to witness) A. Yes, that is the report of mine.

Q. And having prepared it what did you do with it? A. I gave the report to Mr. Korman.

Q. Did you ever present it to any board meeting of Queensland Mines or anything, having anything to do with Queensland Mines? A. No.

Q. Did you regard yourself when you prepared it as preparing it in the course of your duty as director or managing director for Queensland Mines? A. No.

Q. Did you so regard yourself in any of the reports that you have referred to so far in your evidence? A. No.

Q. Did you discuss any of those subject matters of the reports with anyone in the course of your duties as managing director of Queensland Mines.

A. Could you repeat that please?

Q. Sorry, I withdraw that. Did you at any time discuss with anyone else on behalf of Queensland Mines any of the subject matter of the reports?

A. Not of Queensland Mines.

(Report by Mr. Hudson on steel scrap admitted without objection and marked Exhibit 9.) 10

HIS HONOUR: Q. What was the date of this report as near as you can put it? A. I should say about June, July of 1960.

MR. STAFF: Q. Now do you recall making a reference in the report at the end of it to the availability of scrap or imported pig iron or the production of cheap pig iron from Savage River Ore and Victoria Brown Coal? A. Could I see - I recall making the statement about Tasmania Ore and Victorian Brown Coal, yes, at the end of the report. 20

Q. And what was the basis of that statement, Mr. Hudson? A. The basis of that statement is that there was obviously no availability of scrap in Victoria. You could buy billets from B.H.P. but B.H.P. would charge you the same price as what their finished product was, and the concept was then you may be able to get a pig iron by combination of Tasmania Iron Ore and Victorian Brown Coal as set out in Palmer's report. You could produce it. 30

Q. I think you answered the question I was going to ask. You got your information about Tasmanian Savage River Ore from Mr. Palmer's report? A. That is right.

Q. Did you then get that report to Mr. Korman and have a discussion with him about it? A. I gave the report - I don't know that any specific discussion took place at that stage because something other cropped up at that stage, you see.

Q. Then did that relate to an investigation you carried out into some deposits known as Nowa Nowa? A. No, looking at another plant that was producing reinforcing rod, and I didn't make a report on it. I went through it and had a look at it and came to certain conclusions, that it was not the type of industry that he should be involved in because it was an "under the counter" proposition. That is making reinforcing rod, concrete reinforcing rod. 40

Q. From railway lines? A. From railway lines, and Mr. Taft was pushing it on Mr. Korman and my view was it was not the type of industry I thought that he should be involved in and it was considered by Mr. Korman or his board, whatever it was.

HIS HONOUR: Q. Why do you describe it as "under the counter"? A. When you make scrap, when you are making reinforcing rod there is very stringent specifications under the British Standards and each batch has got to be chemically tested both for bending and tensile strength and it has got to be tagged and numbered. What this factory was doing was having old railway lines - its composition varied and the composition, manganese, and they were heating them up and rolling them and making reinforcing rods. Of course you could never sell those to any architect or any big building because they didn't have the necessary chemical composition or Standards specifications which could involve trouble if you put them in a big building. But for small builders building a small house, they were not supposed to use them if an architect was there, they could sell them to those small builders, you see. So in effect what I mean "under the counter" is they were selling them. There was a scarcity at the time. I think the price for a reinforcing rod -

HIS HONOUR: I think that is sufficient explanation.

MR. STAFF: Q. In relation to the particular investigation or inquiry that you made, did you receive the letter, photocopy of which I show you, dated 31st July 1960? A. Yes, Mr. Taft who was working with me -

Q. Gave you that? A. - on this, gave me this letter in order to support his claim that it was a worthwhile industry.

(Letter of 31st July 1960 from W.J. Stevens Pty. Ltd. admitted without objection and marked Exhibit 10)

Q. Did you sometime later in 1960, find yourself concerned with some iron ore deposits in Victoria called the Nowa Nowa deposits? A. I think it was rather later than that.

Q. When would you place it to your recollection, Mr. Hudson? A. I think it would be nearer the end of 1960 to my recollection. I think it would be closer to the end of 1960.

Q. Again was that initiated by discussion you had with Mr. Korman? A. Yes, well, then the

proposition arose in Mr. Palmer's report which was a reference to a deposit in Victoria known as Nowa Nowa and he asked me about them. I said I didn't know anything about it. Mr. Palmer hadn't looked at it. He had just referred to it. He said, "Got Palmer to go and look at it" and I instructed Palmer to go and inspect and see Nowa Nowa to see whether the area there could be used to manufacture pig iron for electric smelting in Victoria.

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Q. Did you subsequently get a report from Mr. Palmer about that deposit? A. Yes, I got a report from Mr. Palmer.

Q. Would you look at the photocopy of the letter I show you dated 14th December? A. Yes, that is a copy of the report.

Q. Did you pass that on to Mr. Korman? A. I passed it on to Mr. Korman.

Q. In relation to that matter did you regard yourself as being concerned in it in your office as director or managing director of Queensland Mines?
A. No.

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Q. Did you some time later in the next year have a conversation with Mr. Palmer about his account in respect of that document or that report, that inquiry? A. Mr. Palmer told me that his account - that he had sent his account to Stanhill and it had not been paid.

Q. Did you say anything? A. I said, "Well, send the account to me and I will see that it is paid".

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Q. Did you subsequently get an account? A. I subsequently got the account but there was not sufficient money in the imprest account to pay it. I think I finally paid it in 1963.

HIS HONOUR: Q. Do you mean you paid it from the imprest account in 1963? A. Yes.

(Mr. Palmer's report of 14th December 1960 on the Nowa Nowa iron ore deposits admitted without objection and marked Exhibit 11)

Q. Now would you look at the two accounts, photocopy accounts which I show you. (Shown) First of all do you recognise the handwriting on either of them or both of them? A. I wouldn't like to say.

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Q. Do you recall getting one or other of them?
A. I recall getting those accounts, yes.

Q. And are they the accounts that you have referred to as being - ? A. Accounts I subsequently paid out of the imprest account.

(Mr. Palmer's accounts of 14th December 1960 and 8th May 1961 relating to the Nowa Nowa investigations admitted without objection and marked Exhibit 12)

HIS HONOUR: I do not know whether it is possible to clarify the first handwritten word on the second page. I am not sure what it is. It looks like "replace" but if it is that I cannot understand the notation. 10

MR. STAFF: Q. Mr. Hudson, would you look at the next account, the photocopying that the officer will show you (showing to the witness) and I direct your attention to the addressee in that account? A. Yes.

Q. Do you recall receiving that account from Mr. Palmer? A. Not specifically. I know I got his account and I know I looked at it. I know I had problems with meeting it. I know it was left over and I got another account from him. I asked him to send me a fresh account. 20

Q. You don't recall the receipt of a particular one? A. I don't recall a particular receipt.

(Account of 14th December addressed to Stanhill added to Exhibit 12.)

Q. Mr. Hudson, would you look at the photocopy of an advertisement I show you (shown to the witness) and ignore the handwritten description? A. Yes. 30

Q. Is that a copy of an advertisement you saw in the Sydney Morning Herald? A. That is a copy of an advertisement I saw in the Herald.

Q. Can you recall about the time, without reference to what is written in handwriting? A. Well, about the relevant time.

Q. What do you mean by "the relevant time"?
A. When I was going into the steel business in Victoria, about the end of 1960, around that period, the end of 1959. Well, let me see, it would be about - the Victorian thing came in about - that would be around '59, the early parts of '60 I should think. All these things were all concurrent, you know. 40

(Advertisement by Stanhill Iron & Steel for metallurgists and chemical engineers

admitted without objection and marked Exhibit 13.)

MR. STAFF: It was produced on discovery, your Honour.

WITNESS: I have seen it before.

MR. STAFF: I do not know whether my friend would be kind enough to make the concession that this was a subsidiary of Stanhill Corporation.

MR. HUGHES: Stanhill Iron & Steel? 10

MR. STAFF: Yes.

MR. HUGHES: I do not think I would be so kind.

MR. STAFF: Now I think at some point of time, at various points of time in 1959, 1960, you were asked by Mr. Korman to report on or advise about various other commercial activities or proposals, were you not? A. Yes, I was.

Q. And they were matters which had no relationship with steel or iron ore? A. No, quite outside.

Q. Quite outside that? A. Yes. 20

Q. Perhaps if my friend would allow me to summarise them quickly, were you asked to make some endeavours to interest Qantas in participating jointly in the Chevron Sydney? A. I attended with Mr. Korman at a conference with Qantas. The idea was to get Qantas - Sydney Chevron tied with Qantas.

Q. And that was as a result of negotiations you think about late 1959? A. Yes.

Q. And of course with no result, no successful result anyway? A. Without success. They decided to build their own. 30

Q. You also were asked to report on the proposed development of land at Berry's Bay, Sydney, and those negotiations and that report extended over a period of four or five months? A. Yes, that was a land development.

Q. And that took place in the early part of 1960? A. Yes.

Q. You advised Mr. Korman about a proposal for a take-over offer to be made to Howard Smith and company? A. That is correct. I was informed by Mr. Korman that Howard Smith were amenable to a 40

take-over and would I carry out the negotiations with the directors and I made the initiatory appointment with the directors and I interviewed them.

Q. Nothing final came of that? A. Nothing at all.

Q. I think you also at Mr. Korman's request looked at a proposal for the purchase of land along the eastern coast of Australia with a view towards setting up quite a number of motels and Chevron hotels? 10
A. Caravan motel chain.

Q. And you did some investigation? A. I didn't do much work on that. He often discussed these projects with me as to what I thought about them.

Q. And where it was appropriate you would then go away and make your own enquiries? A. If it would be appropriate, if I thought it was worthwhile.

Q. I think you also gave Mr. Korman a report in relation to what was then I think a fairly novel practice, namely public companies accepting money on deposit unsecured? A. Yes, Mr. Korman thought this would be a method of finance and asked me to look into it. Hookers at that stage were using it. It was taking money direct from the public repayable at call and I went into it fairly fully and gave him an advising on it in which I advised against the undertaking. 20

Q. It was a method of borrowing on a short term basis? A. That is right.

Q. After you had discussed Nowa Nowa and finally the Nowa Nowa deposits with Mr. Korman did you and he have some discussion about Savage River? A. No, I had a discussion with him before Nowa Nowa. 30

Q. Around about the same time had you also had some discussion about New Zealand and the iron sands?
A. No, New Zealand had finished. To all intents and purposes New Zealand came to an end in May 1960. I attended the conference, the final conference, and all I was left with was an offer of 15%. I rejected the Government's offer and that terminated the whole proceeding. 40

Q. After that time, that is the 15% offer in New Zealand, after the 15% offer in New Zealand you had nothing more to do with New Zealand iron sands?
A. I had nothing more to do with them excepting I think Dr. Sutch came over and discussed with me my feasibility report in respect of galvanized iron

I think after May, but nothing to do with the steel industry in New Zealand after May.

Q. May I just come back to one matter before leaving New Zealand iron sands. In the early stages or fairly early stages of the New Zealand inquiries, did you become aware of a cable being despatched to the Industries and Commerce Department in New Zealand, photocopy of which I show you (shown to the witness). A. Yes, I was aware of that and I had been given a cheque for 100 - 10

Q. Can you place the point of time in the development of the New Zealand discussions when that was despatched? A. I had been given a cheque for 100,000.

Q. By whom? A. By Stanhill to take up any shares or pay the original shareholding to be allotted.

Q. Now when was that? A. About just prior to this telegram which I was to - shares were to be allotted to me on their behalf. 20

Q. It was about that time that you became aware of the telegram, copy of which I have shown you? A. Yes.

Q. Can you tell us who sent it, without looking at it? It won't help you? A. I can't recollect. I couldn't recall. I got a telegram or saw a copy of a telegram either from the Government or somebody else showed me a copy of the telegram. I saw it. I had it in my records so I must have got it from someone. 30

Q. At the same time you had a cheque from Stanhill, you told us, for 100,000? A. Yes.

(Cable to the Industries and Commerce Department admitted without objection and marked Exhibit 14.)

Q. Would you look, Mr. Hudson, at the photocopies of two newspaper reports I show you (shown to the witness). Are they reports which you saw published in relation to the New Zealand iron sands venture? A. That is so. 40

Q. I think one in The Age was it? The other is said to be in the Sun, I think it is suggested the Melbourne Sun, is that right? Melbourne Age and Melbourne Sun, is that right? A. I wouldn't commit myself to these being in relation to Sydney papers.

Q. I suggest the Melbourne papers? A. In my impression they were not. They were New Zealand papers.

Q. You think New Zealand papers? A. Yes.

HIS HONOUR: Mr. Staff was suggesting Melbourne papers? A. Well, they could have been in Melbourne, sir, but I saw them in New Zealand.

(Newspaper cuttings relating to the New Zealand steel industry admitted subject to objection and marked Exhibit 15.)

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(Witness stood down)

(Further hearing adjourned to 10 a.m. on Thursday, 17th October, 1974).

IN THE SUPREME COURT

OF NEW SOUTH WALES

EQUITY DIVISION

No. 292 of 1973

CORAM: WOOTTEN, J.

QUEENSLAND MINES LIMITED v. HUDSON & ORS.

FOURTH DAY: THURSDAY, 17TH OCTOBER, 1974.

ERNEST ROY HUDSON

On former oath:

(Continuation of examination in chief)

MR. STAFF: Q. Mr. Hudson, before I take up the
narrative again, you gave some evidence yesterday at
* pages 81 to 82 in which you told his Honour about an
offer made by Mary Kathleen Investments for the pur-
chase of the Factors Holding and you recounted what
occurred both in conversation between yourself and
Mr. Burt and subsequently with the Board of Factors
Limited, putting that at about September, October
1960; and I think you overnight have realised that
you made an error in relation to some of that evid-
ence? A. Yes.

Q. I think the two offers were made about a year
apart? A. Yes.

Q. For the purchase by Mary Kathleen of Factors
shares? A. The first offer and the one that I went be-
fore the Factors Board on was in October '59, not
October '60. At that stage Mr. Burt who was always
dissatisfied -

Q. Keep your voice up. A. Mr. Burt who was al-
ways dissatisfied with Queensland Mines argued with
me that I could not get a contract and I at that
stage thought I could and he then said he was pre-
pared to buy the shares. That was in '59. Again
in '60 when it was decided to put the company into
mothballs, I was again asked would I buy the shares,
would Mary Kathleen buy the shares, and I said I
would refer it back to my Board and we decided to
do a feasibility study and that ran over until
19 - the end of the year and then before it came
before the Board we were into '61 in which the same
economic conditions applied then, the credit
squeeze, as now, and the Mary Kathleen Board de-
cided it would not proceed to the purchase of

(* See now pages 139 to 140)

shares in that later offer, would not proceed with it. It would not make an offer.

Q. Who would not? A. In 1960.

HIS HONOUR: Q. 1960 or early 1961? A. It was early 1961 the final decision was given, sir; then again an offer was made to the company in 1963.

MR. STAFF: Q. Offer by whom? A. By Queensland Mines, by Factors. Mr. Korman acting for Factors again asked Kathleen Investments if it would buy Factors' shares in 1963 and finally Kathleen Investments bought Factors' shares I think somewhere about November '63. 10

Q. That is the Factors shares in Queensland Mines? A. In Queensland Mines, yes, so actually there were the three offers and I confused the '59 offer with the '60 offer yesterday.

HIS HONOUR: Q. The final sale was apparently -? A. '63.

Q. May '64 according to the - ? A. Can I put it this way: the offer was about November '63. It was completed in '64. 20

Q. What position did you hold in Mary Kathleen Investments over the period? A. I was managing director at that stage.

Q. At all stages? A. At all stages up until - yes, at all stages.

MR. STAFF: Q. When did you cease to be managing director of Mary Kathleen Investments, Mr. Hudson? A. '71; I became chairman as well as managing director in '67. 30

Q. I think you were also, over these years 1959, '60, '61 and afterwards, managing director of Australasian Oil Exploration? A. And chairman, yes.

Q. When did you cease to be managing director of that company? A. '71.

Q. You told us yesterday about the adjournment of the investigations into the possibility of establishing a steel industry in Victoria based on the Nowa Nowa deposits? A. That is right. 40

Q. I think we heard that Mr. Palmer had advised against use of those deposits? A. That is correct, yes.

Q. Then did you have some discussion with Mr. Korman about another alternative? A. About?

Q. Another alternative for establishing a steel industry? A. That was before Nowa Nowa came in. Actually I had a discussion with him following my report on the scrap availability. I think that would be about August.

Q. Of which year? A. It would probably be somewhere in August of '59. Just a minute; no, it would be August of '60. 10

Q. And in that conversation was some reference made to the Savage River deposits? A. In my report to Mr. Korman on scrap availability there was a reference to the Savage River.

Q. Following that did you have a discussion with Mr. Korman? A. Yes.

Q. What was that discussion, Mr. Hudson?
A. Well, Mr. Korman then reviewed Palmer's report. Nothing had been done on it since December '59 while I was investigating the possibility of a steel industry in Melbourne and he said to me, "Well, we should look into the question whether we get ore from the Savage River to utilise for the Victorian steel mill". That was still in consideration. And I said to him "I don't think that the Tasmanian Government would be prepared to allow you to take small quantities of ore and bring it over to Victoria and convert it into pig iron". I said, "My view is that the Tasmanian Government wanted an integrated steel industry in Tasmania" and I didn't feel that he could do what he thought he could by bringing small quantities of ore over and I also pointed out it would be uneconomic. He then said to me, "Well, you had better go down and make enquiries as to the position in Tasmania in respect of the Savage River". 20 30

Q. What did you do next? A. Well, I first of all wrote a letter to Mr. Symons. (Shown Exhibit "A1"). Yes, that would be the letter I wrote.

Q. That is the letter you wrote and you wrote that, you notice, or it is typed on a letterhead of Queensland Mines and signed by you as managing director? A. Yes, that is correct. 40

Q. And I think it has in the body of it the expression "this company"? A. That is correct.

Q. Can you tell his Honour in what circumstances you came to write that letter in that form?

A. Well, looking back now of course I realise it is inappropriate to have used a letterhead of Queensland Mines.

MR. HUGHES: I did not hear that.

WITNESS: Looking back now I realise it was inappropriate to use the letterhead of Queensland Mines at that time, but the considerations I would have had in view were that Queensland Mines was a subsidiary of Factors and been financed by Factors, that Stanhill controlled Factors and generally I didn't see anything particularly wrong at that relevant time although at the present time I do realise it was inappropriate. I notice I did refer in the second-last paragraph that "Mr. S. Korman of Stanhill Consolidated and the writer would like to interview you relative ..."

MR. STAFF: Q. Having written that letter did you receive a reply to it, do you recollect? A. Oh, I would have received a reply, yes, I should think so.

Q. Perhaps you might look at Exhibit "A2" in the file and tell me whether you remember receiving that letter? A. Yes, that is so.

Q. Following receipt of that letter what did you do, Mr. Hudson? A. Either written to or rung Mr. Symons and made an appropriate appointment.

Q. You at this stage do not recall whether you rang him or whether you wrote to him? A. Just at this moment I don't.

Q. That is understandable, I think, Mr. Hudson. At any rate you recollect that an appointment was arranged between you and Mr. Symons to meet? A. That is correct.

Q. Did you then go down to Tasmania and call on Mr. Symons at his office? A. Yes.

Q. Do you remember when that was, Mr. Hudson, approximately? A. Oh, it would be early September.

Q. Do you recall whether anyone else was present? A. No, it would be only Mr. Symons and myself present.

Q. You I suppose by that time had become aware, had you, that Mr. Symons was a person whom you had known years before in Broken Hill? A. Yes.

Q. How long had it been then since you had seen

Mr. Symons in Broken Hill or known him in Broken Hill? A. After I returned to Broken Hill after the War I don't think Mr. Symons was in Broken Hill. I don't think I had seen him for 10 or 12 years.

Q. By the way, had you ever acted professionally for Mr. Symons? A. Oh no.

Q. Had you ever had any business association with him? A. No.

Q. Had you known him then socially? A. Well, he was an engineer in the North Broken Hill Limited and in a town like Broken Hill there is a club there where you meet, different men meet. 10

Q. Had you ever been on, as it were, visiting terms? A. No, I don't think I had ever been to Mr. Symons' home and I don't think he had been to my home. I can't recollect.

Q. It was a very casual acquaintanceship at the club and around the town, was it? A. Yes, well, Broken Hill you develop - is a man's town and you develop friendships and knowledge with different men without going into social activities. 20

Q. You have sworn to the meeting and the substance of what occurred when you saw Mr. Symons in Hobart on that occasion, September 1960, in the interrogatories. They have been put in evidence by the plaintiff so I will not trouble you with the detail of it, Mr. Hudson, but how long were you present with Mr. Symons? A. With Mr. Symons?

Q. On that occasion, do you recall? It is interrogatory 1 on page 2, your Honour. A. I would have thought that I would have spent three to four hours with him. 30

Q. Was the whole of that time concerned with the discussion of the Savage River ore deposits and proposals in relation to it or were you talking about general matters? A. No, it would be concerned with the Savage River ore deposits and generally technical matters and things like that. I hadn't seen the Savage River and generally I was getting all the information I could from him. 40

Q. On that occasion did you tell him anything about yourself? A. Yes, he naturally asked me what I was doing and I explained what I was doing.

Q. And what did you, as far as you recall, tell him about that subject matter? A. Well, I gave him a short rundown on Mary Kathleen Investments

and A.O.E. in relation to Queensland Mines looking for uranium.

Q. Can you recall what you told him about that?

A. About?

Q. About each of them? A. You can't really look back and recall now what you talked about but I would have roughly told him the avenues in which each company were interested.

Q. But as for the words you used, you have completely no recollection? A. No, I couldn't possibly recollect. 10

Q. Can you recall whether you told him anything about the principal or principals who were interested in Savage River? A. Well, from my discussions with Mr. Symons it was obvious that any development of the Savage River was a major enterprise and he explained to me the attitude of the Government wanting an integrated steel industry and at that stage talking in very large sums of money. I knew, and he explained to me, that they had already spent £200,000 themselves on putting in 10 drill holes and I discussed with him what he thought it would cost to do the initial development and I think his view was that it was about 750,000. He told me that generally that his Government would like to see it completed in a couple of years and talking of an expenditure of about 250,000 a month, every six months. He asked me about Queensland Mines - about not Queensland Mines, about Stanhill and its financial ability. At that stage I had no reason to suspect anything about Stanhill's financial ability. There was always talk of millions and I never thought there would be any problem so I did explain to him the setup of Stanhill, Mr. Korman's interest in steel and setting up a steel industry and generally what I had done for him in New Zealand and following on the position in - the position I had been trying to do in Melbourne. 20 30

Mr. Symons - I told him about the possible use of brown coal. Mr. Symons said that his Government would not be prepared to allow the iron ore to be exported to Victoria and be processed there, that they would want the whole processing, the whole integration, to take place in Tasmania. 40

Q. Would you look at the document which I show you, Mr. Hudson, and in particular to the top half of the first page (Shown to the witness). Just refresh your memory about them? A. Yes.

Q Do those figures record the financial position 50

of Queensland Mines Limited as at the date, that is 30th June I think the first one is, 1960? A. They would record the approximate position.

Q. And thereafter at the succeeding three years?

A. I have only looked at the front page. I will have a look at the other pages. (Witness peruses documents). Yes.

Q. Now you have not personally taken the figures, you have not made the figures up yourself personally, have you? A. No, they are taken from balance sheets. I see they are all dated 31st July and they would be taken from the balance sheets. 10

Q. The balance date was 31st July in Queensland Mines, was it? A. That was the closing date, yes.

Q. From your recollection though, your recollection is that those figures represent the balance date positions? A. They represent the actual cash position of the company.

(Summary of financial position of Queensland Mines in 1960-1963 admitted without objection and marked Exhibit 16.) 20

Q. Mr. Hudson, can you recall any further discussion that you had with Mr. Symons on this first occasion in September 1960 about who might be the principal or principals in the implementation of the proposal you were discussing? A. Yes, I told him it would be Stanhill Consolidated and I gave him, as roughly as I could at that time to my knowledge, a rundown on the company. At that stage, of course, Stanhill was a major public company in Victoria. 30

Q. And I think Mr. Stanley Korman was a name at any rate publicly well known? A. Well, he always managed to get his name well known.

Q. After that conversation did you return to Sydney? A. No, I would have gone back to Melbourne to discuss the matter with Mr. Korman.

Q. Have you any particular recollection of your discussions with Mr. Korman on that occasion? A. Yes, I went back and I discussed the matter with Mr. Korman. I told him that any concept of - you know, that he had of bringing small quantities of iron ore over to feed a plant in Victoria was out, and that if he wanted to go ahead with it he would be obliged roughly to follow Palmer's report, that I hadn't gone into the costing to any great extent but I felt that it would be - well, I thought, I suggested, it could be more than 750,000. 40

It probably should be a million allowed for development because on my own knowledge if you run out of money during development you can never get any more. You have got to make provision at the early stages, and I recommended to set aside a million for that aspect of the matter.

He took his notes on the thing but I briefly gave him a rundown as to what the Tasmanian Government's view was about it. They wanted an integrated steel industry. I said that it would cost - to take Palmer's figures, it would be in the nature of one hundred million, that he would have to find at least a million to do the initial development work, and I pointed out the very high finance involved, much greater than what we were talking about in New Zealand which was in the 20 to 30 million line. But he was an expansive man. He said to me, "Well, why worry about that?" That is the way Mr. Korman talked. 10

Q. Did he mention to you any prospective source which he had in mind to provide that money? 20

A. During the discussions with Mr. Symons, he of course knew that I wasn't a mining expert or a trained man because of my association in Broken Hill with him. He would know that I wasn't any expert in these things and he asked me where the expertise was going to come from because an iron ore body such as the Savage River, it needed a lot of expertise knowledge, and I told him that Mr. Korman was associated with an American steel company and that they would supply the expertise necessary to supervise the development of the deposit. 30

Q. Now Mr. Korman had told you that earlier, had he? A. Yes, well, this had come up in New Zealand, in New Zealand. At that interview with Mr. Korman I gave him a lot of notes. He took down a lot of notes of what I was saying and spent quite a time with me going over it.

Q. Then I suppose you came back to Sydney. Before I leave that conversation, I am reminded, do you recall whether anyone was present during that conversation with Mr. Korman in Melbourne? 40

A. Well, his son David would be there and I think probably Mr. Redpath was there. I can't swear at this stage but generally David Korman was there most of the time, Mr. Redpath about a third of the time while these discussions -

Q. But you cannot place them in that particular conversation now for the most part? A. I can't place them particularly. David Korman was being trained by his father and he had a table or something in his office. Whenever I spoke to his father 41

he always had the son at the desk. Mr. Redpath was called in and entered the discussion from time to time and I should say about one-third of the discussions I had with Mr. Korman, Mr. Redpath would be present, or part of the time.

Q. Following that conference or meeting with Mr. Stanley Korman, did you write to Mr. Symons, do you recall? A. Yes, I remember writing to Mr. Symons.

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Q. I think your letter is Exhibit "A2" (Shown to the witness). A. No, that is not my letter. "A2" is Mr. Symons' reply to me.

Q. (Approaches witness) Would you look at the letter dated 23rd September, 1960 which I show you, Mr. Hudson. It is not an Exhibit yet. Would you just glance at it? A. Yes, this is a letter I wrote to Mr. Symons on 23rd September.

Q. Following your conference with Mr. Korman?
A. Following my conference with Mr. Korman.

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Q. I notice it is written on plain paper and signed simply by you? A. It would be written on my own letterhead.

HIS HONOUR: I think that is part of Exhibit "A8". The letter of 23rd September from Mr. Hudson to Mr. Symons is "A8".

MR. STAFF: I am sorry, it has got "A8" on the back of it.

Q. Would you look at the first sentence, Mr. Hudson? A. Yes.

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Q. You see that you say that "Mr. Korman will be writing you direct"? A. Yes.

Q. Does that enable you to recall any conversation you had with Mr. Korman at the conference you referred to about him writing to Mr. Symons?

A. Well, I knew he was going to write, because he was taking notes, what I discussed with him, the Government attitude, and I knew he intended to write because of the notes that he was taking, or to write, but I can't specifically recall at this stage.

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Q. Would you also look at the fourth paragraph of that letter. You say, "Since returning I have discussed the project further with the company's advisers and have reviewed their recommendation etc." Can you recall who the advisers, whom you described as the company's advisers, were?

A. Well, I discussed - when I was in my first interview with Mr. Symons a lot of discussion took place about what is known as a direct reduction process. It is a process in which you can make steel at a low capital cost and to a limited yearly output. At that relative time there were a large number of processes but Mr. Symons had been in touch with people called Strategic Udy who had a process for direct reduction and which at that particular time seemed to be one of the most advanced in the world. I might tell you up to today after all these years there is no yet perfect process based on coal of a direct reduction process. They have all failed, but at the time it did look the best and it was contemplated by Mr. Symons on behalf of the Government that this was the type of plant they wanted. They weren't thinking of a blast furnace, talking in the nature of say seven or eight hundred million blast furnace operation. They were talking of a small - and I had given Mr. Korman all this information about it and Mr. Symons had lent me a mining magazine which had the direct Strategic Udy process set out in it. When I did return I had a talk to Palmer about the direct reduction process and I think the reference to the company's advisers would be myself and Mr. Palmer really, but then I discussed the matter with Korman in regard to the set-up of the company and he had agreed to the concept of an integrated steel plant in Tasmania.

Q. They were the persons you mentioned in that letter? A. They would be Mr. Korman in regard to the concept, Mr. Palmer in regards to some technical aspects and my own self.

Q. When you spoke of "the company" what company were you referring to? A. Stanhill Consolidated.

Q. You have said in that letter that Mr. Korman would be writing to Mr. Symons? A. Yes.

Q. Did you at any time draft a letter from Mr. Korman to write to Mr. Symons about that time?
A. No.

Q. Did you subsequently become aware that Mr. Korman had written to Mr. Symons? A. Yes, I was sent a copy or a draft of the original letter in Sydney. I wasn't in Melbourne at that time.

Q. Anyway shortly afterwards you went to Hobart again, did you, and saw Mr. Symons? A. I went to Hobart just prior to Mr. Korman coming down.

Q. And that in October? A. It would be October, yes, and I was in Hobart when Mr. Korman arrived

and I had had discussions with Mr. Symons the day before.

Q. Now when you saw Mr. Symons on that occasion did you have any discussion with him about a letter from Mr. Korman or a draft? A. Yes, I took a draft, either a copy or something with me, to discuss the contents of Mr. Korman's letter with Mr. Symons. I took one down with me.

Q. When you got there did Mr. Symons have a letter from Mr. Korman? Had he got a letter? 10

A. Oh yes, he had had Mr. Korman's letter before I got there.

Q. Would you look at Exhibit "A6" in that file. Is that a letter - ? A. It is a letter to Mr. Symons.

Q. On Stanhill Consolidated - ? A. Dated 26th September, 1960.

Q. And signed by Mr. Korman as director. Just look at that letter and tell me is that the letter which, when you went down in October, you found Mr. Symons had and of which you took a draft or a copy? A. Yes. 20

Q. Did you have some discussion with Mr. Symons on that occasion about the contents of that letter or about the general proposal? A. Yes, I discussed with Mr. Symons whether the concept, the provision of the money, the setting up of a company and such things, would be in the nature of what the Government would expect in the event of an application being made for an exploration licence. In the last paragraph it said, talking about the company, about one hundred million - 30

Q. The last paragraph on page 1? A. Page 1, yes.

Q. You discussed - A. Wait a minute. I particularly remember discussing with Mr. Symons the third paragraph of the letter whereby Mr. Korman said, "We will commence our investigation within 14 days of receiving your Government approval and will make 100,000 available on loan prior to the formation of a public company". 40

Q. I thought you said the third paragraph?

A. The third paragraph on page 2 of the letter. Mr. Symons pointed out to me that that would not be a basis on which the Government would be interested, taking loan funds on a matter like that, and that it would be inappropriate to proceed on that basis, making any loan advances to the Government.

Q. Would you go back to the second paragraph on page 1? A. Yes.

Q. You see the first sentence; I think it is the whole paragraph? A. Yes.

Q. The opening four lines, five lines of it or so, Mr. Hudson, and the reference to Queensland Mines; did you have any discussion with Mr. Symons about that statement? A. No, I didn't. I did point out to Mr. Symons that Stanhill had spent a lot of money on its investigations but I refrained from too much discussion on that second paragraph. 10

Q. Did you have a view about how much money had been spent? A. No, well, I had a view. I didn't know just how much New Zealand had cost. It wasn't just my expenses in New Zealand, There were others, a lot of travelling, internal travelling and accommodation, and I wasn't too sure what New Zealand had cost. But one of the biggest cost factors was Mr. Taft. He had been overseas looking at machinery and been engaged for some period of time and I also knew that Stanhill had bought up a lot of scrap but I wouldn't know - I wouldn't have regarded that figure as excessive but I still couldn't say whether it was right or whether it was wrong because Mr. Korman had been, prior to my coming in - you have got to think of adding expenses on Dominion. If he is talking about adding the expenses on Dominion, exploring for iron ore in Queensland, it could well have exceeded 100,000 but I had no specific information as to what had been spent. 20 30

Q. You see, Mr. Hudson, the sentence commences, "Queensland Mines had during the last 18 months, at a cost of approximately £100,000, made a study". You were managing director of Queensland Mines? A. I knew that was wrong.

Q. At that time have you any recollection of what you believed Queensland Mines might have spent in making this study? A. Well, it hadn't spent any money making the study. It had spent some money on behalf of Stanhill. 40

Q. How much was it you believe that it had spent on behalf of Stanhill at that time? A. At a rough guess I would have thought about £1,500.

HIS HONOUR: Q. Do I understand your position to be that at no stage did Queensland Mines spend any money at all of its own on anything to do with iron ore? A. That is so, sir.

MR. STAFF: Q. Mr. Hudson, you had that discussion

with Mr. Symons? A. I didn't like that reference and I kept away from it.

Q. Was there any discussion between you and Mr. Symons at that October 1960 discussion about the period for which an exploration licence might be granted? A. Oh yes. It had been explained to me that an exploration licence in Tasmania was only for a period of six months and Mr. Symons did indicate to me that the Government would be pretty stringent on seeing that the money was expended, and I think he also pointed out to me that the only person that could - only company that could take up an exploration licence would be a company registered in Tasmania, and that if Stanhill wanted to proceed with the application they would have to become registered in Tasmania for that purpose. 10

Q. Did you communicate that information then to Mr. Korman? A. Yes, I told Mr. Korman it would be necessary for him to have Stanhill registered in Tasmania. 20

Q. Did you thereafter sometime later receive a telegram, a copy of which I show you, advising that Stanhill Consolidated was registered on 28th November, 1960 in Tasmania? A. Yes, I received a telegram from his solicitors in Tasmania advising that Stanhill had been then registered as a foreign company.

Q. Would you look at the copy which the officer will show you? A. Yes, I subsequently received the Certificate of Registration. 30

HIS HONOUR: Q. Was Stanhill Consolidated the principal Stanhill company? A. It was the principal company.

Q. And it was simply registered as a foreign company in Tasmania? A. It was registered as a foreign company.

(Telegram admitted without objection and marked Exhibit 17.)

MR. STAFF: Q. Shortly after that discussion in October with Mr. Symons, were you present at a discussion which took place in Tasmania between the Premier, Mr. Reece, Mr. Symons and Mr. Korman and yourself? A. Yes, John McCauley was also present. 40

Q. Were there any other persons whom you remember present? A. Mr. Korman, Sir John McCauley, Mr. Symons, a representative of the Treasury, the secretary to the Treasurer I think it would be,

myself, and I think another man was there, I am not sure, another director of Stanhill called Strange.

Q. Sir John McCauley, what was he in the picture?

A. He was a director of Stanhill Consolidated.

Q. Can you tell us so far as you can recollect what was said between the various people present on that occasion? A. Yes, well, in my discussions with Mr. Korman after I returned from the first interview with Mr. Symons, I pointed out to Mr. Korman that the infra structure, in view of the isolation of this deposit, could be a bit high; roads, electricity, things like that, and that if he was going ahead he should press the Government at an early stage to get it. Mr. Korman's great concern at that interview was that he didn't want to spend any money unless he felt sure he was going to get the leases. He was very disappointed about losing New Zealand and I had said to him, "Well, if that is your attitude you had better come down and see the Government and put your viewpoint to them" and this led to him going down. 10 20

At the interview when the Premier was there at the Premier's office, Mr. Korman first of all introduced himself and gave a fairly lengthy description of his company and his organisation and what they were doing and, you know, boosted himself up and his company, Stanhill. Then he told the Premier he was interested in establishing an integrated steel industry. He spoke of, which I had warned him about, the electricity supply. The Premier undertook to see there were sufficient electricity supplies. 30

He then spoke to the Premier about assistance, what assistance he would get from the Government in the nature of infra structure, but he got no reply at that stage from Mr. Reece. Mr. Reece mostly sat down and listened and didn't say very much. Then he mentioned to him that there were some other deposits of iron ore in Tasmania and he would want an undertaking from the Government, if he was going to go ahead with this, that they would not allow any export of iron ore out of Tasmania, until he had had an opportunity of looking at the other deposit, and again pressed on the question of title. But he was told from the Premier that the only title or tenure he could get would be an exploration licence until such time as he was able to submit to the Government a detailed proposition for the development of an integrated steel industry. 40

Q. Did the Premier at the end of the interview give him any assurances? A. I beg your pardon? 50

Q. Did the Premier offer any assurance, any other

assurances, at the end of the interview? A. Mr. Reece was never in a hurry to offer anything, but he was - he would listen and give the impression he would give it deep consideration. You didn't go away thinking you had failed, if you understand what I mean. You just felt it was something the man would look into carefully and give deep consideration to but he wouldn't commit himself.

Q. Is there anything else you can remember being discussed or said by any of you during that conversation or those conversations? A. Well, I suppose the interview lasted an hour but, you know, it is very difficult for me at this stage. 10

Q. Can you recollect whether or not Queensland Mines Limited's name was mentioned in the course of the interview? A. No, I am sure it was not.

Q. At this point of time, Mr. Hudson, you were, as you have told us, managing director of Australasian Oil Exploration? A. That is correct. 20

Q. One of the shareholders in Queensland Mines?
A. That is right.

Q. Did you regard yourself as having any authority from Australasian Oil Exploration to commit Queensland Mines to a mining enterprise in Tasmania? A. My instructions were specifically the other way.

HIS HONOUR: Q. Instructions from whom? A. The other way, sir.

Q. But from whom? A. From the directors. In fact it was winding up. It had lost I think a capital of 5 million on exploration. 30

MR. STAFF: Q. After that meeting with the Premier do you recollect your next discussion about the Savage River iron ore body or proposals with anyone?

A. Well, I saw Mr. Korman quite frequently and naturally the proposal - yes, when I came back, that is right, after the interview I saw Mr. Korman and we had a general discussion as to how I thought the conference went and whether it would be effective and, you know, generally discussed the business proposition to be entered into but I don't think I discussed it with anyone outside Mr. Korman until I saw Mr. Symons in somewhere near the end of the year. I think he called at my office in Sydney to discuss it with me. One of the bases - 40

Q. Just before you go to that, would you look at the document, the photocopy of which the officer

will show you. It is not a very good copy. A. Yes, I would have written this.

Q. Having seen that do you recall writing to Mr. Korman on 30th November about the matter?

A. Yes, perhaps I should explain a hiatus took place at this time.

(Letter from Mr. Hudson to Mr. Korman of 30th November, 1960 admitted without objection and marked Exhibit 18).

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Q. Mr. Hudson, in passing you notice there is a reference to aluminium and to a Mr. Dickinson in that letter? A. What?

Q. A reference to aluminium and a Mr. Dickinson?

A. Yes.

Q. And apparently to Mr. Williams who apparently had a file on something? A. Mr. Williams was an employee of Stanhill Consolidated. The reference to aluminium was an article written by Mr. Dickinson on world trends in aluminium and just one of those things I think I sent down as a matter of interest.

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Q. You were not concerned with any aluminium study? A. No, I never was and never have been.

HIS HONOUR: Q. Was Mr. Dickinson a local person?

A. I beg your pardon?

Q. Was Mr. Dickinson a local person? A. Mr. Dickinson used to be a Director of Mines in South Australia and he was a local person. At that time he was occupying, having use of an office in my rooms at O'Connell Street, Sydney.

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MR. STAFF: Q. In the last paragraph of the letter there is a request to Mr. Korman to "return the report I forwarded you". Can you recall what report that was? A. No, I couldn't say at this stage.

Q. Shortly after you wrote that report did you have a discussion with Mr. Symons in Sydney?

A. With who?

Q. Symons. A. Yes, yes.

Q. Can you recall what that discussion was?

A. Well, when I first saw Mr. Symons and again on the second occasion Mr. Symons pointed out that Rio Tinto Exploration Australia Limited, now known as C.R.A., had a large exploration area next door to the Savage River area and that Rio Tinto had assisted the Government in managing the drills

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that the Government had been putting down in the Savage River deposit and done other things to assist the Government in geological work in their looking at the Savage River deposits, and Mr. Symons said to me that if Rio Tinto wanted to go ahead with the project, they would have first priority and if they made an application to go ahead the Government would give them priority because of the interest they had already taken in the area and the assistance they had given to the Government; and until such time as Rio Tinto indicated to the Government they did not wish to go ahead, the Government would not entertain any application by any other company. Mr. Symons, when he called to see me in Sydney in December, told me that he had not been able to get a reply from Rio Tinto, that the position would have to be left as it was but he would write to Rio Tinto and see if he could get a formal reply from them. 10

Q. Anything else you can recollect about the discussion with Mr. Symons on that occasion? A. I think we possibly again discussed possible terms and conditions of an application if Rio Tinto were to retire, and subject matters such as that. I find it difficult to recollect. 20

Q. Would you look at the letter dated 12th December, 1960 addressed to Stanley Korman which I show you. Is that a photocopy of a letter you wrote on 12th December? A. Yes.

Q. 1960, to Mr. Korman? A. Yes, that would be. 30

Q. Having looked at it does that enable you to add anything to the account you gave of the discussion you had with Mr. Symons? A. Well, what I have replied to you is in general terms what took place as indicated by this letter. The other matter was of course that the Government would not be able to give me any decision on the matter until 23rd January.

MR. STAFF: I tender that. It appears to be the letter referred to in interrogatory No. 1 (3). 40

(Letter of 12th December, 1960 from Mr. Hudson to Mr. Korman admitted without objection and marked Exhibit 19.)

Q. Now did you then in January again see Mr. Symons? A. Yes.

Q. Whereabouts was that? A. It would be in Hobart. Oh well, yes, in his office at the Mines Department.

Q. Was anyone present, do you recollect?

A. No.

Q. Do you mean no, no one was present or no, you don't recollect? A. Oh, no one present other than Mr. Symons and myself.

Q. What discussion did you have between yourselves then? A. Mr. Symons told me that Mr. Korman could make an application, that Rio Tinto had indicated that they were not interested in proceeding with the suggestion of the Government to establish an integrated steel industry at the Savage River, and generally I then discussed with Mr. Symons the nature of an application which would be satisfactory to the Government. I discussed with him the amount of money, the expenditure, every six months. I think I mentioned about spending 50,000 the first three months. I told him that Stanhill had been registered as a foreign company. I told him that I had advised Mr. Korman that provision should be made for one million and not 750,000 as suggested by Mr. Symons to undertake the exploration. I also - it is very difficult for me to recollect. The conversations go on half the morning.

Q. If you can't recall any more, don't worry.

A. Just at this moment I can't recall. Some times you can and sometimes you can't.

Q. Can you recall whether there was any discussion then about Queensland Mines Limited as a participant in the proposal? A. There was never any discussion or suggestion that Queensland Mines would be a participant.

HIS HONOUR: Q. Was there any discussion about you being a participant? A. No sir.

Q. You were simply an agent for Mr. Korman or Stanhill in your dealings? A. Yes.

MR. STAFF: Q. Now following that conversation with Mr. Symons did you, do you recollect, have any discussion with Mr. Korman? A. Yes, I returned to Melbourne.

Q. You there saw Mr. Korman, did you? A. And I had a general discussion with him and told him the position, that he was now at leave to make an application for a licence. I think I returned to Sydney and again returned to Melbourne and I assisted Mr. Korman in drafting the application.

Q. In what form was the application drafted? I don't mean words but on a printed form or what?

A. No, it was not. It was done by way of letter and I think we sat down together. He called his girl in and we made a note of the relative points that I felt should have to go in the letter.

Q. Do you recall whether anyone else was present?

A. David Korman was there and I believe that Mr. Redpath came in during the course of our discussions.

Q. How long were you with Mr. Korman on that occasion? A. Well, I should think it took the whole - it would take the whole morning. It would be three or four hours because each relative point was discussed, particularly in regard to - it had then been decided to register a company in Tasmania, that Stanhill itself would not itself go ahead with the proposition. It was going to be registered to take up the licence in the first place but it was not intended that Stanhill would be the operative company. It was decided that a company would be registered in Tasmania. I think called Tasmania Iron & Steel or something like that, and a new company would be registered in Tasmania, with a capital of a million in which Mr. Korman or Stanhill would put in half a million and his overseas representatives or his overseas associates in the steel industry, who were going to supply the expertism, would put in 25 per cent of the capital and the balance 25 would be made available to the public for subscription. I regret that this matter had arisen at the - I think at the Premier's conference it had been discussed, this matter.

The original concept of Stanhill doing it had been changed to forming a company, creating a company in Tasmania for this purpose so there would not be any Stanhill going around and then transferring to a new company. And the financial setup of the company was a matter that took quite a lot of discussion and that was one of the things that was to be determined, that Stanhill's interest was then to be in the nature of say a half interest in the new company that would undertake the development work.

Q. Is that the whole of your recollection of that occasion? A. No, there would be other discussions as to the suggestion of putting in 250,000 per six months. Mr. Korman was anxious - he always believed that you had to give a bond or lodge money or give security with the intentions, and he undertook to spend 50,000 straight away before the company was formed. It was anticipated it would be about three months before the company was formed in Tasmania and set up and he was going to carry the expenses up until the date of the setting up of the company.

You realise that to spend 250,000 every six months was quite a major exploration programme.

Q. At this point of time discussing with Mr. Korman and drafting with him the form of letter which was to be written? A. Yes, I discussed with him. I think I had a lot to do with the dictation of it to the girl.

Q. Anyway by the end of that day or the end of that morning you had a document which was intended to be the application for the exploration licence, was it? A. Yes. 10

Q. And did you have during the course of that discussion some discussion about who should be in fact the applicant, that is who should sign the document as the applicant? A. Well, when it came to the final, Mr. Korman said to me, "Well, you had better sign it". We believed at that stage there was a formal application to be made as well as the letter and I was going on to Tasmania. It was one of the reasons that he suggested I sign it and that I signed it on behalf of the company to be formed and take it up as trustee for the company to be formed. 20

Q. Would you look at Exhibit "A4", 31st January 1961 signed by you. A. That would be - it is "A4", yes.

Q. Is that the letter of application which you made in your name to the Director of Mines for the exploration licence in respect of the iron ore deposits? A. Yes. 30

Q. Is that letter written in the form which you and Mr. Korman settled in Melbourne? A. Yes, it was written and typed in Melbourne.

Q. It was written and typed in Melbourne, was it, and it was then written on plain paper with your Sydney address, was it? A. That is right.

Q. Did you then take it away from Melbourne and later on take it down to Hobart? A. Yes, I took it to Hobart and gave it to Mr. Symons.

Q. You see in the first sentence you refer to an attached application for an exploration licence, Mr. Hudson? A. Yes. 40

Q. I think you have told us that when you drafted this you were under the misapprehension that there was a formal application? A. Generally you do have to sign, when you are making an

application for an exploration licence, a specific form set out under the Mining Regulations.

Q. And that is what you thought you would have to do? A. That was the usual practice in other States, and I naturally assumed it would be the practice in Tasmania, but I found out that that did not apply to Tasmania, that there was no formal form of application.

Q. So that this is the only document which you - ? 10
A. That is the document of application.

Q. - which you lodged in relation to the application? A. There is no other document.

Q. We have heard about another exploration licence for which you made application? A. Yes.

Q. I think it is EL/5? A. Yes.

Q. That was not in respect of Savage River iron ore deposits? That did not relate to the Savage River iron ore deposits? A. Oh yes it did in a way. 20

Q. In a way? A. You see, we were looking at direct reduction which meant you are going to use coal, and as part of the Government scheme for development of this industry, they had set aside an area of approximately 300 square miles on the east coast of Tasmania which contained coal, and the concept was when the industry got going you developed your own coal resources from this area. So I think EL/5 was part of the concept that was taken up.

Q. But it related to land on the east coast? 30
A. Right over the other side of the coast.

Q. Whereas the iron ore deposits were on the north? A. On the west coast, and at the time I made this application it was suggested to me by Mr. Symons that I should apply for an exploration licence over the coal areas as a safeguard for the industry should it get going, and I therefore made an application for EL/5. I think I did it in my writing, my own handwriting, at the time.

Q. Would you just look through that file, 40
Mr. Hudson, to the letter of 23rd February, 1961 in handwriting? A. What does it relate to, Mr. Staff?

Q. EL/5, the application for exploration licence the east coast. I don't think it is there.
A. It is probably in another -

Q. Would you look at the photocopy which the officer will show you? A. This is a Mines Department file I am looking at. There would be another file for EL/5.

Q. Just look at that. (Shown). A. 450 square miles, I am sorry.

Q. Is that a photocopy of the application which you submitted for the EL/5, the coal mining area?
A. Yes.

10

Q. And I think it is written in your handwriting, is it, Mr. Hudson? A. Yes, that is correct.

(Application by Mr. Hudson for EL/5 dated 23rd February 1961 admitted without objection and marked Exhibit 20).

WITNESS: I would like to -

MR. STAFF: Just a moment, Mr. Hudson.

HIS HONOUR: Q. Did you want to say something?

A. Yes, I would like to correct some evidence I gave a moment ago. I think I said a moment ago that I signed the EL/5 application at the same time as I lodged the application for a licence. I notice that the application for licence for EL/4 is dated 31st January and the application for a coal licence was dated 23rd February, so it would not have been at the time that I lodged the application for EL/4 that I made the application for EL/5. It was at a subsequent point of time.

20

HIS HONOUR: Q. It would appear in fact that you made the application for EL/5 on the same day as both licences were issued? A. Oh, I see, yes.

30

Q. They were issued I think on 23rd February?

A. On the date of issue rather than the date of application, sir.

Q. You applied the same day as you got the issue? A. Yes.

(Short adjournment.)

MR. STAFF: Q. I had slipped a little bit ahead, and may I take you back now to your visit to Hobart when you took the application EL/4 for the iron deposits to Mr. Symons? A. Yes.

40

Q. When approximately was that? You remember the letter of application was dated 31st January?

A. It would have been within one or two days.

Q. (Letter in File Exhibit "A4" shown). I draw your attention to a date stamp. Does that help you?

A. It helps me now. This is dated 9th February. When I got there - no, it would be 9th February that I took it down, yes.

Q. Did you hand it to Mr. Symons when you walked in? A. Well, not quite that way, you know, sat down and said "I brought the application", and gave him the application, discussed the terms and conditions on it.

10

Q. Was there any other discussion you can recall?

A. It is very hard for me to separate the discussions I had with Mr. Symons into relevant periods of time, because they are so many and so numerous over fourteen years.

Q. Have you any recollection of whether you went through the paragraphs one by one with Mr. Symons?

A. Yes, I did. I discussed the form of the application, what was contained in it, and whether it met with what he felt would be the Government's approval.

20

Q. As a result of your discussion you did not change anything in it? A. It was not changed.

Q. Can you recall - I am not seeking to press you if you can't - but can you recall whether there was any discussion about coal mining areas or coal bearing areas at that time? A. Yes, there were discussions about other things such as the coal areas, the limestone areas and the availability of land for the setting up of a steel industry.

30

Q. What can you recollect about those discussions?

Can you recollect anything more than the subject matter? A. I recollect this, that in regard to the coal areas I would be informed by Mr. Symons that the Government had kept this kind of in reserve to join up with the iron ore, and that it would become available to the applicants, it was available to the applicant for iron ore as part of the overall plan, and I assumed it was on that basis that I subsequently made an application for the coal.

40

In regard to the limestone he felt - he pointed out that that was held in a reserve - I don't mean a reserve in the nature of under the Mining Act, it was held in a park reserve, and up the Gordon River. And he said to me "Well, you need not worry about that, because no-one can apply for it, but as and when the steel industry is ready to go we will be able to release it from the park

reserve and the area can be taken up". Generally, you know, discussed the whole project and finally submitted it.

Q. After that you came back to Sydney? A. I invariably went to see Mr. Korman on the way back, I would say, merely, practically every time I was down I would come in to see Mr. Korman on the way back.

Q. At that time there were not any direct flights from Sydney to Hobart, were there? A. I don't think there are now, as far as I know. 10

Q. Anyway, it was your practice to get off in Melbourne? A. You have got to get off in Melbourne and change planes, yes.

Q. And you did that again? A. I invariably came into Melbourne, stayed the night, saw Mr. Korman and came back the next day.

Q. Can you remember anything particularly about your discussion with Mr. Korman on the occasion after you had handed in the application form for the iron deposits? A. I told him that my understanding of the position was that he would have the licence granted, it would be granted, and that there were no other persons interested. 20

HIS HONOUR: Q. I beg your pardon? A. There were no other persons interested and that automatically, he would, I felt, get the application granted.

Q. You mean there was no competition? A. No competition.

MR. STAFF: Q. Then you came back to Sydney? A. Yes. 30

Q. Would you look at Exhibit "A5", which is a letter dated 9th February, 1961, signed by you as managing director of Queensland Mines Limited and addressed to Mr. Symons? A. Yes.

Q. Would you look through the letter? A. Yes.

Q. You have written that in your capacity or signed it in your capacity as managing director of Queensland Mines Limited? A. That is correct.

Q. And in the first sentence you offer that the company, Queensland Mines Limited, accept full responsibility for costs and expenses in connection with the new drill hole. Do you recollect any conversation with Mr. Symons about that subject matter preceding the writing of the letter? A. Yes. 40

Q. What conversation did you have? A. I already mentioned that. The Mines Department were drilling the area under a grant they had for 200,000, and they had at that stage drilled ten holes, two in the northern area, and eight in the central area, and they wanted to do deeper drilling. And a new rig had been sent down and they were going to continue drilling, and at the relevant stage the new hole had not commenced. They had a contract with Associated Diamond Drillers supervised by Rio Tinto to put this hole down, and Mr. Symons discussed the matter with me and told me what the Government's position was in relation to the new hole, and I said that we would take that over and take the responsibility of it over from him. I also discussed with him a certain amount of pipe which ran down to the river in order to pump up water for the diamond drilling. I said "We would also buy that from the Government", and on my return - 10

Q. Before you go on to what you did on your return, you said to him, "We will take responsibility" or "We will take this over"? Did you use the word "We" so far as you can recollect, or did you specify anyone in particular? A. Well - 20

Q. If you can't remember? A. In my discussion with Mr. Symons it was all Stanhill I was talking about.

Q. But can you recollect whether you used any particular description or just - A. I could not recollect at this stage. 30

Q. You came back to Sydney and you wrote the letter of 9th February, Exhibit "A5", the one which is before you? A. Yes.

Q. Can you tell his Honour how you came to write it as managing director of Queensland Mines and as it were committing Queensland Mines to responsibility for that cost? A. It is all right looking back now, but obviously it should not be written; looking at the letter it should not have been written with Queensland Mines letterhead, but the factors that were in my mind at the time or would have had in mind at the time of writing the letter would have been that Queensland Mines was a subsidiary of Factors and the Korman group of companies, and that I had been told by Mr. Korman to charge any preliminary expenses through the imprest account which would be adjusted in Melbourne. I also had in mind on this occasion that Mr. Korman was putting up £50,000 to be spent from the date of the licence until the company was formed, within a period of three months. I had no reason to believe when I wrote this letter that it would not be taken up by 40 50

Stanhill; and in any event I knew that the costs of the drill or the amount owing for the drill would not, very unlikely, come in for two or three months. And I suppose I had these matters in consideration and I knew that I was not, in fact, committing Queensland Mines, although on the face of it I was, that in my view there was no problem that it would be met in due course by Stanhill. There had been discussions originally of putting up 100,000, that was reduced to 50,000 on the application; and I had no doubt in my mind that giving this undertaking was not, in fact, creating any burden on Queensland Mines itself. They are the matters I would have had in consideration. I agree that looking at it now, even though in spite of those things, technically it should not have been done. 10

Q. Are you aware whether Queensland Mines Limited bore any part of the costs of that drill hole?

A. No, it did not bear any costs of the drill hole. 20

HIS HONOUR: Q. You say you are aware of the fact, and the fact is that they did not? A. No, they did not.

MR. STAFF: Q. Neither by payment of any account out of the imprest account or anything? A. In no way.

Q. In fact, was the first drilling account not received until some time in May? A. That would be correct.

Q. I think you are aware that that account received in May was paid out of an account of your own? 30

A. That is correct.

Q. Some \$2000 (sic)? A. Actually I think the first account was 3700; it was paid in two amounts, one of 2000 and the other of 1700.

Q. We will come to that in detail later. A little time after you handed the letter of application to Mr. Symons did you go back to Hobart to see Mr. Symons about the grant of the licence? A. Yes, I did. Yes. 40

Q. You went down to Hobart? A. Yes.

Q. Was that following some telephone communication? A. I beg your pardon?

Q. Did that follow a telephone communication or some communication? A. It would be a telephone communication, I think.

Q. But you have no particular recollection of it?

A. I have got no particular recollection.

Q. Anyway, you went down there. What happened when you saw Mr. Symons? A. I went to have a look at the Savage River.

Q. You went with him to the Savage River? A. No, I didn't. I went with Mr. Ridgway to look at the Savage River. I had not seen it up till then. I had read all the information about it, but I had not physically seen it. 10

Q. At this point of time had you been to see Mr. Symons before you went to the Savage River?

A. No, I would go to see Mr. Symons first and then drive through to the Savage River following seeing Mr. Symons.

Q. Before we get to the Savage River visit; you went to see Mr. Symons. Did you then receive from him the exploration licence? A. I am not sure about that. Prior to receiving the exploration licence there would have been necessity to put in, to peg the area, and I would have thought that, now I do remember I went down with Mr. Ridgway after the date of the application and we made a detailed check of the deposit, and the co-ordinates and all those things, in order to ascertain a sufficient area of land to cover the whole of the ore body, and with Mr. Ridgway we went and had a look at the ore body. We then fixed a datum point on which we could file the application. You have got to remember it had to be withdrawn and drawn under the Mining Act by gazettal notice, and application made for it; in addition to the written application you had to peg under the Mining Act. So my recollection is that shortly after this I went down with Mr. - 20 30

Q. Let me stop you there to get it clear. Your recollection is that following handing in the letter of application to Mr. Symons, at a subsequent point of time and on a subsequent visit you went down with Mr. Ridgway to peg? A. Yes. 40

Q. And that was before the licence was granted?

A. It would be before the licence was granted, yes.

HIS HONOUR: Q. Did you go with him to peg the coal deposits too? A. No.

Q. He had to do that also? A. He did at a later date, but not at that relevant time. He went there to put in a datum peg because it was necessary to peg it, but I don't think he carried out inspection.

MR. STAFF: Q. Following the visit to the Savage River and these activities did you go down again to see Mr. Symons at a time when you got from him the exploration licence? A. Yes, I did. Yes.

Q. That was about 23rd February? A. 23rd February.

Q. On that date did you write out a handwritten application for the coal bearing areas? A. Yes, it would be that day. Could I just check that date? 10

Q. Exhibit ¹⁹~~20~~, I think.

HIS HONOUR: It is dated 23rd February.

WITNESS: It would be that day, yes.

MR. STAFF: Q. At the same time, or perhaps even preceding writing out that application, Mr. Symons indicated he had the two licences for you, did he?

A. Indicated -

Q. He had the two licences? A. Two licences, yes.

Q. Have you any particular recollection of the circumstances in which he came to have a licence for an area for which you had not formerly applied? 20

A. Well, the Government had kind of reserved it. It was under the Mining Act. It was not like iron ore which was not under the Mining Act and by gazettal has got to be brought under; it was always under the Mining Act, but no titles or leases had been granted over the area and, as I said, it was part of the Government planning that you had got to take up the coal as well as the iron ore. It was Mr. Symons' suggestion. 30

Q. Can you recall any conversation you had with Mr. Korman about this time which threw any doubt upon the probability of Stanhill's participation in the proposals - A. Yes.

Q. - which had been outlined to the Tasmanian Government? A. Yes. 18th February. It was between 18th and 20th. I would not be specific on the day.

Q. How do you fix that period? A. Because Mr. Ridgway was present at that discussion. It took place in my Sydney office. 40

Q. Have you been able to find some records of Mr. Ridgway's attendance in Sydney? A. I have seen a record of what day Mr. Ridgway came to my Sydney office, yes, and fixed the day accordingly.

Q. Mr. Korman was there, too, of course?

A. Mr. Korman had rung me and said he wanted to see me. He came to my office on the morning of the 18th or 19th.

Q. Was anybody else there that you recall?

A. No, there were only the three of us.

Q. What was said between you on that day?

A. Mr. Korman said to me that he had liquidity problems. The situation which developed by February 1961, was similar to the situation that developed today. You had a credit squeeze, high interest rates, and a similar position. His organisation was built up substantially on loan funds. He told me he had this liquidity position and problem and he did not feel that he could proceed with the Savage River project. Mr. Ridgway and myself tried to encourage him to go ahead with this proposition, we thought it would be worthwhile, and he left saying to me "Well, I don't think I will be able to, but I will reconsider the position and give you a final answer".

Q. Is there anything else you can recall?

A. Not specifically at that time.

Q. Within a day or two or three you went to Hobart? A. Yes.

Q. You saw Mr. Symons and received the licence. Did you have conversation with Mr. Symons about this matter of liquidity? A. Yes. I told Mr. Symons the conversation I had with Mr. Korman. I told him that Mr. Korman had indicated he probably would not proceed with it and that I would get a final answer from him in a very short period of time.

Q. What did Mr. Symons say to that? A. Well, I think he expressed his disappointment, the same way as we all were. I said to Mr. Symons, "If you let the application proceed until I get a final answer, if Mr. Korman can not proceed with the matter I think I might be able to get a company to take Stanhill's place to go ahead with it".

Q. At that point of time did you have any particular company in mind? A. No, I had no particular company in my mind.

Q. At this point of time what was your own belief and state of mind about the prospects of developing the Savage River deposits, in general terms? A. Mr. Ridgway was rather enthusiastic about it. I had no specific views myself at that particular time, I was accepting technical advice on the position.

Q. That day you got the licences from Mr. Symons, both the coal and the iron licences? A. Yes, the licences.

Q. Did you speak with Mr. Korman on your way back from Hobart to Sydney? A. No, I didn't on that occasion because I could not make contact with him at that time.

Q. About that time did you have a telephone conversation with him? A. Within a short period of time after the 23rd, I rang Mr. Korman and I told Mr. Korman that the licence had been issued and asked him could I have a conference with him, I would come and see him. 10

Q. What happened then? A. I went to Melbourne and I saw Mr. Korman. It would be approximately 8th March, to the best of my recollection.

Q. Who was present? Do you recollect who else, if anyone, was present? A. I specifically remember David Korman was present. I can't say whether or not Mr. Redpath was present. I spoke to Mr. Korman and he then told me there was no possibility of him proceeding with the setting up of the proposed company or contributing the capital that he had undertaken to do, and that he was sorry but he would just have to drop it. I then said to him, "Well, what I will do is try and find a company to take your place, and if I can do this the plan as envisaged can be carried on", and he said to me "Roy, that would be the best thing you can do. It would save us all a lot of embarrassment". 20 30

Q. Was there anything else said on that occasion?
A. A lot of things were said, but I just could not recollect other than the -

Q. Was there any discussion or was anything else said about drilling and exploration costs?
A. About -

Q. Current drilling costs or exploration? A. The drilling had not started at that stage.

Q. Can you recall whether anything was said about the future in relation to that matter? A. I beg your pardon? 40

Q. Can you recall whether anything was said by anybody about who would pay the costs of drilling which was about to start? A. I said to him I would carry it on for a short time, if necessary.

Q. Did you say at your expense? Did you say who would pay for it? A. I said I would.

Q. Is that how the conference ended that day?
A. Yes.

Q. Shortly afterwards did you see Mr. Symons again? A. Not shortly.

Q. How long after? A. I didn't see Mr. Symons again until 21st March.

Q. Where was that? A. At Hobart. 10

Q. In Mr. Symons' office? A. Yes.

Q. Can you remember anyone else being present?
A. No, no-one else present.

Q. What did you say to Mr. Symons and what did he say to you on that occasion? A. I told Mr. Symons that Mr. Korman was unable to proceed and could not go ahead with the matter. I then said to Mr. Symons that if he liked I thought I would get someone else to take Stanley Korman's place and I was prepared to pay the initial costs incurred in relation to drilling while I was doing so; and if he would like to give me an opportunity to see if I could get somebody, I would carry on but, of course, not on the terms and conditions of the expenditure envisaged. 20

Q. What did Mr. Symons say? A. He said that - I can't specifically remember what he said, but he did give his consent to that concept, that I carry on without, with a limited expense for the time being to see if I can get another company to take Stanhill's place, informing the proposed company in Tasmania. 30

Q. How did you fix that date, 21st March?
A. Because I wrote to Mr. Symons and made an appointment to go and see him.

Q. Would you look at the file and see if you can find the letter which you wrote to him for that appointment? A. Yes, a letter dated 15th March.

Q. That is a letter which is signed by you without other description but written on Queensland Mines Limited letterhead? A. That is right. 40

Q. That is Exhibit "A12". Can you tell his Honour how that came to be written on Queensland Mines letterhead? A. Well, I suppose I had written the other letters on Queensland Mines letterhead. And as I mentioned before, in my mind was the

association of this company within the Korman group. I didn't see any harm in using the letterhead for that purpose as long as, but there is no commitment on the - I can see it should not have been done.

Q. Was it your habit to dictate letters or write them - A. Dictate.

Q. - in your Sydney office? A. Dictate.

Q. Did you invariably indicate to your girl what letterhead to use? A. No, I didn't. I had a very senior girl, Miss Robinson, who was very much used to mining matters and quite a senior girl, and I would dictate letters and I would sign them without looking at them, to be quite candid. As you realise, in an office I was under great pressure at that time. The girls want to get away and they bring you in a whole heap of letters and you just sign them. 10

Q. At this time you were sending letters from your office on a number of letterheads? A. In my office - yes, it would be five or six different letterheads in the office. 20

Q. After 21st March, 1961 did you come back to Sydney and concern yourself with looking for somebody else to - A. I did.

Q. For some new company or organisation to be interested in the Savage River? A. Yes.

Q. What did you first do after 21st March in that respect? A. I went to see Sir Maurice Mawbey, C.R.A. I made an appointment and saw the managing director of North Broken Hill and another director. I spoke to the chief Geologist, South Broken Hill Limited. I went to see Mr. Davis who represented Kaiser International. 30

Q. They were an international steel-making organisation? A. They are an international steel organisation. From then on I for the next two years tried, for two or three years, I travelled the world trying to find a company to take an interest in it.

Q. Coming back to the immediate period following 21st March, 1961, you saw these people whom you mentioned in Australia? A. All within March. 40

Q. All within the month of March? A. The month of March or just after. In fact, some I saw, I think it was C.R.A. before I went back on 21st March, between when Mr. Korman told me and when I saw Mr. Symons.

Q. You mentioned a number in Australia in that immediate period round about 21st March. Was there anyone else you saw about that time in the first couple of months after 21st March? A. I spoke to Mr. Dickinson who I told you was in my office.

Q. You told us he had been the Director of Mines in South Australia? A. And he had left his position as Director of Mines in South Australia and had become the managing director of Rio Tinto Exploration (Aust.) Limited. 10

Q. By the time you spoke to him after 21st March was he still with Rio Tinto? A. No, he had been dismissed. He was not with Rio Tinto.

Q. He had commenced to work from your office at that stage? A. Well, I had become, not a friend, but I had known him, because of my years at Broken Hill I had undertaken fairly extensive exploration, both in New South Wales and South Australia, and I had come in contact with him as the Director of Mines in South Australia. That was the connection. When he came to Sydney he came to see me, I am not sure whether as solicitor or friend or what, but he did come to get certain advice, come to discuss certain matters with me. I knew he was without work and I said to him, "There is a spare office you can use until such time as you find yourself further employment, in the immediate, you know, for the first month or so", and I allowed him to use the office. 20

HIS HONOUR: Q. Just for a month or so? A. Well, I thought it was a short period of time till he could get a position. 30

Q. What, in fact, happened? A. About two months.

Q. Did he leave your office then? A. Yes. He was not there all the time because he took the position as Consulting Geologist and he would be away for a week or so, maybe more, and then come back and be in the office for a while, and then go off again.

MR. STAFF: Q. To whom was he Consultant Geologist? A. He was for a few people. He was for Fitzpatrick, I remember. He was also Consultant Geologist for Mr. Duval, who is a businessman in Japan who had a company out here known as Dubar. 40

Q. Dubar Trading Company Pty. Limited? A. Yes.

Q. The Mr. Fitzpatrick you mentioned was Mr. Ray Fitzpatrick, was he? A. Yes.

Q. He had some blue metal and quarrying interests?

A. That is correct.

Q. Towards the end of April did you approach some more people, that is additional to those you have already mentioned, seeking to interest them in the Savage River project? A. Yes. I thought that as I couldn't get a company in Australia interested -

Q. Would you just confine yourself to Australia for the moment, approaches in Australia? A. I am talking about Australia.

10

Q. I am sorry. A. As I couldn't get a company in Australia, and there were very few that I could approach, and I knew that, I then thought I would form a company; and I felt that if I had the right directorate it might attract a public subscription and might attract underwriting. And I went to see Sir Frank Packer and asked him whether he would be prepared to act as Chairman on the Board. He said well, he would first want to consult with his adviser on finance, that is Sir Ian Potter, and he referred the matter to Sir Ian Potter. And Sir Ian Potter referred the matter to a Geologist; and after a period of a couple of weeks Sir Frank rang me and said he had been advised by Sir Ian Potter that it was not a satisfactory proposition, it was not a satisfactory investment.

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Q. Following that, did you approach an Australian representative of some American companies? A. Yes. I then approached the representative of Homestake Mining and also another company known as Hannah Mining. Both those companies' representatives were out in Australia.

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Q. Who were the representatives you saw here?

A. One was a Mr. Driscoll. The other's name just escapes me at the present time; to see if they would be interested. Of course, they were looking for investment, those two companies, in Australia and, in fact, had been over to Western Australia looking at the then known ore deposits in Western Australia.

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Q. Did one of the gentlemen you saw in relation to those companies go to Tasmania and look at the deposits? A. Yes.

Q. This was fairly soon after 21st March, 1961?

A. Within the two months.

Q. Nothing came of that approach, I gather?

A. No, nothing came of it.

Q. In fact, did one or other of those companies

subsequently become interested in development of iron ore in Western Australia? A. Both have. I might say that back in, subsequently in the end of 1962 their interest in the Savage River was revived and they again looked at the deposit and looked at the technical development that was taking place.

Q. Around this period of time for the purpose of information to people you were contacting did you prepare a report on the Savage River project? 10

A. Yes, I did prepare a very preliminary report. I also in that period had seen the Japanese representatives of Japanese steel making firms in Australia.

Q. What firms were they? A. Iwai and Mitsui.

Q. I will come back to that report. A. As a result of all these discussions everyone turned it down, because of what is known as the titanium content. It was extremely high as an impurity in the ore, it went up to 1.3 per cent in the natural ore; but the Mines Department had tried to tackle the problem and by beneficiation, that is by grinding down to minus 200, they succeeded in reducing the impurity to .4. But in my discussions with the Japanese and with the American companies and everyone, opinion was expressed that the ore was quite unsuitable for steel making, that the titanium content was too high; and that was the basic reason that no-one would have anything to do with it. I had these discussions with Mr. Symons and the conclusion I came to was that if anything could be done with it we had to carry out, if anything was to be done with it it first must be determined whether you could smelt it satisfactorily and produce a steel, produce a suitable steel. 20 30

Q. Those approaches having failed or resulted in no real progress, did you then in late April or early May have some discussions with representatives of Dubar Trading Company? A. It would be in April, but my discussions with Dubar Trading Company were more in relation to another iron ore deposit known as Blythe River. 40

HIS HONOUR: Q. Is that in Tasmania also?

A. In Tasmania.

MR. STAFF: Q. These were deposits in the same north western area of Tasmania? A. No, they were not. The Blythe River deposit was within six miles of Burnie, a main port in Tasmania. I think I mentioned that when we were talking to, Mr. Korman was talking to the Premier, it was understood that no leases would be granted over any other iron ore deposit pending an investigation as to their suitability for use with the Savage River or otherwise. 50

Q. Initially your discussions with Dubar concerned Blythe River? A. Initially my discussions concerned Blythe River. Could I qualify that? Dubar in fact were a trading company importing iron ore into Japan, and they had developed the St. Francis iron mine in the Northern Territory which they were exporting.

Q. Mr. Frank Duval was the principal? A. Frank Duval was the principal. 10

Q. In that exercise? A. That is correct.

Q. And of Dubar Trading Company? A. Yes.

Q. You told us that Mr. Dickinson was Consultant Geologist for him at this point of time? A. He had been working for them as a consultant on the Gove aluminium at that relevant time. I didn't know what his position was really, but he was doing work for Duval who originally got the leases for Gove aluminium deposits in the Northern Territory.

Q. You then commenced some discussions with whom on behalf of Dubar? A. Mr. Dickinson, I had on my way down to the Savage River, going down to see him, into Burnie, the way the plane goes, and you take a car from there to the west coast. I had with Mr. Ridgway looked at the Blythe River deposits and Mr. Ridgway had made a report on them to the effect that there appeared to be some 10,000,000 tons of ore that might be suitable for export. 20

Q. So you discussed possible participation of Dubar or Mr. Duval in an exploitation of the Blythe River? A. Of the Blythe River. 30

Q. Whom did you discuss it with? A. Mr. Dickinson.

Q. That you say, was about late April? A. Yes.

Q. What happened next in relation to that discussion? A. Mr. Dickinson said that he, Mr. Duval, would be prepared to form a joint company with me. They would be prepared to put in £30,000 for the development of the Blythe River to see whether it was possible to export the ore.

Q. Your discussions continued in late April and through into May? A. That is right. 40

Q. Having initially started as discussions about Blythe River tell us how they then developed, and what they were? A. In May - an agreement was drawn up ready for execution. In May, Mr. Dickinson said to me that they would like to consider the

possibility of exporting the high grade ore from the Savage River. I have to explain that, I will say this. The average grade of ore at the Savage River is 35 per cent higher as against, say, Western Australia 65 to 68. But on the surface of a magnetite ore body it becomes oxidised with the air and can go as high as 64, 65 per cent, it converts itself to haemetite. It was not known just what the amount of ore was on the Savage River of higher grade or what the impurities were contained in it. Mr. Dickinson suggested to me that from the point of view of export they should extend the arrangement they had made to the possible export of ore from the Blythe, from the Savage River, and I agreed on condition that they would contribute up to 30,000, not only towards the cost of developing the Savage River - the Blythe River, but the Savage River. And the deed was amended just at the point of execution by adding to the deed EL4 and EL5, I think.

Q. Would you look at Exhibit "Y", which is a deed made on 12th May, 1961 between yourself and Dubar Trading Company? A. Yes.

(Luncheon adjournment.)

ON RESUMPTION:

MR. STAFF: Q. Before I come back to the Dubar deed, Exhibit "Y", would you look at the letter and photostat which I hand you? Would you tell me whether about the end of January, 1961, you received that letter with the annexure, a photocopy of which is there? A. Yes.

Q. That is the certificate of registration that you referred to this morning? A. Yes.

(Certificate of registration of Stanhill Consolidated Limited in Tasmania and covering letter dated 27th January, 1961, tendered without objection and marked Exhibit 21.)

Q. (Photocopy of Exhibit "Y" shown to witness.) Before the adjournment you referred to alteration by way of insertion being made to the document pretty well right at the time of execution? A. Yes.

Q. Can you identify those alterations?
A. Identify the alterations?

Q. Yes; those which were made that you referred to before the adjournment? A. The main alteration is on page 3, paragraph 10.

Q. That is, the words in handwriting there inserted? A. Including exploration licences EL4/61 and EL5/61.

Q. There is an alteration in the proviso to the preceding clause, clause 9, made in ink. Can you interpret those words? A. "and provided that the total amount to be paid otherwise than to the company under this clause shall not exceed £30,000".

Q. I notice there is an alteration in one of the recitals, I don't think it is of any consequence, and an alteration in paragraph 8? A. That is right. 10

HIS HONOUR: Q. That alteration to No. 10 seems to bring it into context with No.1, does it not? Didn't that alteration to clause 10 bring it into context with clause 1? A. Yes, it does. But the deed was prepared in relation to Blythe River, and the Savage River was added at the last moment.

MR. STAFF: Q. Following the execution of that deed - 20

HIS HONOUR: Q. Who drafted this deed? A. Murphy & Moloney.

MR. STAFF: Q. They were Mr. Duval's solicitors? A. Mr. Duval's solicitors.

Q. Do you remember who was concerned with it at Murphy and Moloney? A. I could not recollect, no. Actually the deed was brought to me by Mr. Dickinson. It was prepared and signed in my office in O'Connell Street.

Q. In clause 9 there is reference to some property, moneys being charged with repayment of expenses previously incurred by Queensland Mines Limited and/or Hudson and Stanhill Consolidated? A. Yes. 30

Q. Do you recall that? A. Yes.

Q. At the time the deed was prepared or negotiated what was your knowledge as to the expenses incurred by any of those three people or companies?

A. My knowledge at that time was that the payments that had been made out of Queensland Mines imprest account, which I stated were on behalf of Stanhill, had not been refunded by Stanhill, and I was informed by the Secretary that the total amount involved was £2500. 40

Q. That was the reason for the inclusion of clause 9 in that form? A. Yes. I felt that that should be refunded if Stanhill did not refund it.

I felt I had an obligation as far as A.O.E. was concerned to see it was refunded.

Q. What was your knowledge as to moneys which had been spent by Stanhill Consolidated or expenses incurred by Stanhill itself? A. The only expenses they had incurred at that date would be the cost of their travelling down to Tasmania on that appointment to see the Premier. I think all the other expenses I had been paid through the imprest account of Queensland Mines. 10

Q. Anyway you were aware of some expenses having been incurred by Stanhill? A. I knew there were some expenses incurred by Stanhill.

Q. Other than those incurred through the imprest account? A. But at that stage I thought that Stanhill might still repay Queensland Mines.

MR. STAFF: I call for the private ledger of Queensland Mines Limited - (Produced).

Q. I show you a ledger sheet 12 of the plaintiff company's ledger. Have you previously seen that ledger sheet at any time? A. I have seen it on discovery. Yes, that was the first time I saw it. 20

Q. That was within the last year? A. Yes.

Q. Roughly? A. Yes.

Q. Are you able to say that this ledger sheet along with the rest of the ledger was kept in Melbourne? A. Yes.

(Ledger of Queensland Mines Limited tendered without objection and marked Exhibit 22.) 30

MR. STAFF: I call for the cash book of the Sydney imprest account of the plaintiff and the journal of the plaintiff - (Produced.)

Q. I show you Folio 25 of the cash book of Queensland Mines Limited imprest account Sydney account? A. Yes.

Q. I direct your attention to an item recorded on February 18th, 1960 against the number 202, "A.G. Palmer, investigation of W.A. and Tas. £487.18.7"? A. Yes. 40

Q. I take it that is an entry of the particulars shown on a cheque butt for cheque No. 202 drawn on the account? A. Yes.

Q. The cash book records other similar payments by cheque in relation to all the expenditure made by cheque on the imprest account in Sydney? A. Yes.

Q. Including a number of items in varying places relating to Western Australia or Tasmania, I am not asking you to identify them precisely but -

A. It would not be in reference to Western Australia.

Q. Well, New Zealand? A. New Zealand. 10

(Cash book of Queensland Mines Limited imprest account 1959/63 tendered without objection and marked Exhibit 23.)

MR. STAFF: I tender the summary of the entries which are taken across from that cash book into the ledger account 12 entitled "Iron industry investigation expenses".

(Summary of entries referring to account 12 tendered without objection and marked Exhibit 23.) 20

Q. Would you look at Exhibit 23, the summary of the ledger account. Would you look at an item marked 6th to 24th March "Various travelling expenses, E.R. Hudson and J.E. Ridgway, £281.17.2"?

A. What date is that?

Q. March 6th to 24th? A. "E.R. Hudson, repayment of expenses, New Zealand trip" - is that the one you are referring to?

Q. This entry (indicating)? A. I see.

Q. March 6th to 24th "Various travelling expenses, E.R. Hudson and J.E. Ridgway, £281.17.2"? A. Yes. 30

Q. Are you able to tell us to what extent that item is made up of expenses incurred after 21st March, if at all? A. There would be no expenses after 21st March.

Q. You were in Tasmania on the 21st? A. I was in Tasmania on the 21st.

Q. Do you recall whether you returned to Sydney immediately or not? A. I did not return to Sydney - I could have returned, there could have been some expenses after 21st. Mr. Ridgway went down by car, I think, and he would return after the 21st. Some of those expenses would have been referable to expenses, certainly in regard to Mr. Ridgway's travelling back, after the 21st, because if he went by 40

car he would not have got back till about the 25th. If I came back the same day it would be referable to the 21st; if I came back the day after some of those expenses would be referable to my return trip.

Q. You notice there are thereafter a number of items, six items, assigned the dates between 5th April and - leaving out the September one - 13th June? A. Lands Survey Department maps - is that what you are referring to?

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Q. There are six items dated 5th and 6th April and proceeding on down the list to 13th June?

A. Of course, I couldn't tell from this without looking at the invoices. I couldn't tell from this without having a look at the invoices themselves whether they are referable to expenses incurred prior to the 21st or after the 21st. I would have to see the invoices.

Q. Have you any belief about what they are, whether they are referable to the period before the 21st or after the 21st? A. As I said, until I could see invoices I would not swear to it.

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Q. The invoices and vouchers are available, so far as you are aware? A. They should be available. If I could see the invoices and vouchers I could tell you. But this is only a date of entry in a journal and a date of payment, so the payment could have been in respect of something that occurred some time before. Without that, I could not tell you.

Q. There is one lower down "1960, September 15th, A. Lowe, Air Charter Gulf re copper"? A. That is dealing with the charter plane for myself and Mr. Ridgway going to the Gulf of Carpentaria to inspect a copper deposit that had been submitted to Queensland Mines.

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MR. STAFF: I think you mentioned that yesterday.

HIS HONOUR: Q. That was something on behalf of Queensland Mines and not on behalf of Stanhill?

A. No.

(Private journal entitled No. 1 of Queensland Mines Limited tendered without objection and marked Exhibit 24. Mr. Staff referred to various items in the journal.)

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Q. Following the making of the Dubar deed did you open a bank account in your own name which was kept on the imprest system? A. Yes.

Q. Were various payments made into that account?

A. Yes.

- Q. And various payments made out of it? A. Yes.
- Q. In particular, were accounts for drilling received by Associated Diamond Drillers? A. Yes.
- Q. And paid from that account? A. Yes.
- Q. I think that account was opened in consequence of the provisions of clause 5 of the Dubar deed?
A. That is correct.
- Q. And moneys were paid into it by Dubar?
A. Yes. 10
- Q. As provided by the deed? A. That is right.
- Q. At times you paid your own moneys into it also?
A. At a later stage.
- Q. And indeed when there were some delays in Dubar reimbursing that account I think you assisted it by providing your own moneys? A. That is correct.
- Q. You kept records of the account? A. Yes.
- Q. Of the payments out? A. Yes.
- Q. And they are available? A. Yes - well, I couldn't answer that. My accountant could. 20
- Q. But you believe these - A. I believe they are available.
- Q. You believe those records kept by you and partly in your own handwriting are available?
A. Yes.
- Q. In relation to the operations on that account?
A. Yes.
- Q. (Document shown) Is that, you believe, a summary of the accounts paid out of that imprest account from moneys which had their source in Dubar Trading Company or your own funds? You have not made up the document? A. No. All these funds were not paid out of that account. The first four were paid out of the account. They were then paid out of my working account. Another one was paid out of the imprest account, my working account and Industrial Mining account. But this document does show the source of all funds from which I paid Associated Diamond Drillers. 30
- Q. That is for all work subsequent to the whole 40

ten? A. From 14th March, 1961 to 28th August, 1962 -
28th September, 1962, I am sorry.

MR. STAFF: I tender the document.

WITNESS: The document shows where I got the money
from, from what account and -

MR. STAFF: Q. And what the expenditure was?

A. And what the drilling expenditure was.

Q. The second page contains the expenditure on
assays as distinct from the drilling expenditure. 10
The second page has the assay expenditure and the
first page the drilling expenditure. (Document
shown.) A. The first page refers to the drilling,
the second page refers to assays.

MR. STAFF: I tender that.

(Summary of expenses incurred in drilling
and in assays under source of funds for payment
admitted without objection and marked Exhibit
25.)

MR. STAFF: Q. Before I leave this was any expendi- 20
ture on drilling at the Savage River iron ore depos-
its or on assays insofar as it related to anything
done after 21st March, 1961, paid by Queensland Mines
Limited? A. No, I paid all the expenses as from
21st March.

Q. When you say you did, what do you mean?

A. Well, first in association with Dubar Trading,
and then that still came back to me in the end and
so when I say I paid it all I did pay the lot.

HIS HONOUR: Q. Why do you say it came back to you 30
in the end? A. Because the agreement was termin-
ated and I refunded them the money that they paid out
of the imprest account.

MR. STAFF: Q. I think later on of course some of
it was paid by Industrial & Mining Investigations?

A. Yes.

Q. Would you look at the book which I show you.
(Witness shown book.) A. Yes.

Q. Is that the cash book - written in your hand- 40
writing - recording expenses satisfied out of
E.R. Hudson imprest account that we have spoken of?

A. Following the Dubar Trading Company agreement -
it is up until 28th June, 1961.

MR. STAFF: I tender that, your Honour.

(Cash book of E.R. Hudson imprest account admitted without objection as Exhibit 26.)

Q. Now, Mr. Hudson, drilling on hole No. 11 by Associated Diamond Drillers, I think commenced some-time - when did it commence? A. On the 14th March, 1961.

Q. And drilling in one hole or another continued more or less continuously until when? A. Until four months ago.

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Q. Until - A. I correct that. Maybe five months ago, four or five months ago.

Q. I think drilling was suspended, was it not, during the winter months? A. Yes, sometimes during the winter there is very heavy rainfall and you get landslides and that used to cut our roads off and we had to suspend drilling for a period of up to three months sometimes.

Q. Did Associated Diamond Drillers do all the drilling or did you use other drillers, subsequently? A. They have done all my drilling. I think they also did all the drilling for Pickands Mather & Company.

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Q. Just to clarify the position, I think the exploration licence which was originally granted to you covered something like - A. 345 square miles.

Q. 345? A. Say near enough, 350.

Q. The arrangements which I will ask you about later on that you made with Pickands Mather and Company concerned only part of that area, did they not? A. It concerned about 480 acres altogether. It could have concerned about 1,000 acres I suppose that is allowing for mining areas and township areas and things like that.

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Q. So that the remainder of whatever the original area was, you retained, you or one of the defendant companies? A. Industrial still retains it.

Q. And drilling continued after the Pickands Mather & Company arrangements were made on the areas that were retained by Industrial Mines? A. That is right.

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Q. And that is the drilling that has continued up until a few months ago? A. That is right.

Q. I think from the time the Pickands Mather arrangements were made, they took over drilling

applications in respect of the areas that we are concerned with? A. Yes, it is known as the central area, if you want to refer to it, it may be referred to as the central area.

Q. If we can go back a bit, after the Dubar Trading Company deed was made in May, 1961, the drilling continued but I think the arrangements incorporated in the deed ran into some difficulty in a fairly short period of time, did they not? A. Yes. 10

Q. I do not want to embark upon all the detail of these difficulties but a dispute developed between you and Dubar Trading Company, did it not, Mr. Hudson? A. Well, yes, a simple matter I mean, Mr. Dickinson was given a letter by me to the Mines Department informing the Mines Department he was acting as my agent, supplying him with all information, and when he went to Tasmania the Blythe River area was just released from the reserve and he was informed by Mr. Symons of that fact and instead of applying for the leases in my name he took them up in his own name and that caused a dispute. 20

Q. And a dispute developed about that and other matters? A. Yes, I refused to have any more to do with him and finally the thing was ended. Mr. Duval came out from Japan and I spoke to him about it.

Q. And in the end you made an arrangement with Mr. Duval to terminate the association? A. Yes, an arrangement was made with Mr. Duval that I paid back to Mr. Duval the sum of \$12,000 which had been expended on the Savage River. I agreed he would have a half interest with me in the leases that I had applied for in respect of the Blythe River and we were to proceed only as originally planned on the Blythe River. 30

Q. Then there were some negotiations for a document that were never concluded? A. No, it was never concluded, nothing ever happened thereafterwards. 40

Q. I think in October, 1961, it was not concluded, an agreement had been agreed between you and Mr. Duval but you went off to America, is that right? A. Would you say that again.

Q. I suggest in October, 1961 - A. Yes, I went to America in September, late September or early October, 1961, yes.

Q. What was the purpose of that visit? A. Well, it had been agreed I think by April or May, 1961,

that no company would be interested in the Savage River because of the high titanium content and if anything was to be done with it it must first be proved, that it be quite satisfactorily smelted and if you could make suitable steel from it. I had discussions with the Mines Department, Mr. Symons, and subsequently with the Premier and it was agreed that we send 20 tons of ore to America to Strategic Udy to utilise their process to see if the titanium would come out in the slag or would remain in the steel, and these tests were to come on in September of 1961 and I went over together with the chief chemist of the Tasmanian Government and Mr. Ridgway and while there I went and saw a number of companies to see if I could get them interested in the Savage River. I spent some almost three months travelling America and England and Germany to see if I could find some company that might be interested in taking over Stanhill's place. 10 20

Q. I think before you went away you got leave from Mary Kathleen Investments? A. Before I went away I told the directors of Mary Kathleen Investments and also the directors of A.O.E. the position that I wanted leave of absence to go overseas to see if I could do anything about it.

Q. I think at that time of course you had ceased to be managing director of Queensland Mines?

A. Yes.

Q. And did you have any discussion with your co-directors in Queensland Mines before you went away about your intended trip? A. No, not with my co-directors of Queensland Mines. It had practically closed down. I had a connection with them at this stage. I was away some approximately 3 months. 30

Q. Now, you observed the test that Strategic Udy did? A. I observed the test. They were satisfactory and we found out that the titanium came away with the slag, electrically smelted, and we were able to produce with electric smelting a good low carbon steel from the ore. 40

Q. Whilst you were away approximately how much time did you spend seeking to interest other persons or organisations in the Savage River? A. I suppose 7 to 8 weeks.

Q. Was this trip exclusively to the Savage River or did you attend to other business? A. Exclusively to the Savage River.

Q. Where did you travel mainly? A. I travelled to San Francisco first. I had discussions with 50

Hansted and Hanna Mining and then I went up to New York. I saw United States Steel. I saw National Steel, Republican Steel, Bethlehem Steel, American Metal Climax, Coppers International.

Q. Were there a number of others too or are they the lot? Mr. Hudson? A. That would not be exclusive but I think they would be the main ones in the United States that I saw. I also saw Sir Ian Potter.

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Q. Whereabouts was that? A. I saw Sir Ian Potter at the Waldorf Astoria Hotel in New York and I again sought his advice about the possibility of establishing a company as envisaged under the terms of the licence. He gave me no encouragement on that at all, particularly in view of the times. I then had a conference with a number of bankers in New York which was arranged by Coppers to see if the banks would assist in financing, the American banks that is, and they would not do so. I then went to England and I had discussions with the British Steel Corporation and they were interested in taking the finished product but not in the investment. I had been given a letter of introduction to Messama Island Transvaal Limited. I saw Messama and had lengthy discussions with them. I took over all the geological information and as a result of that interview, they were the only ones that said they would inspect it and they said they would come out early in 1962 and inspect the place. I then went to Germany where I saw Metall-Gesellschaft and they had a process known as the lurgi process of direct product. I did that course. I then went back to America. I had a further conference with Coppers and then came back home. I got home around about end of November, early December.

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Q. I think you had, did you not an introduction to British Steel Corporation? A. To British Steel Corporation, yes.

Q. You had the introduction from Sir John Gordon? A. The chairman of directors of Kathleen Investments was Sir John Northcott and he used to come and see me practically once a week to see what I was doing. He knew that I had taken up this proposition of the Savage River and he said he would assist me.

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Q. When was that? A. That was in July, 1961.

HIS HONOUR: Q. What did you say his position was?

A. Chairman of Kathleen Investments. When he went to England he saw the British Steel Corporation and interested them in the subject matter.

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MR. STAFF: Q. That led to your visit? A. Yes, that led to my visit.

Q. You told his Honour earlier that Mr. Ridgway went across to America, amongst other people, for the Strategic Udy test? A. Yes, he went with me to watch the test together with Mr. Manson who was the chief chemist for the Tasmanian Government.

Q. Who paid for Mr. Ridgway's trip? A. Well, I did. 10

Q. Do you recall from what account or bank accounts you paid it? A. I wouldn't like to say because I was using various bank accounts at that stage.

Q. Who paid your expenses? A. I did.

Q. What about the gentleman from the Ministry of Mines in Tasmania? A. The Tasmanian Government.

Q. And you have, I think, details of the expenditure that you incurred? A. They would all be in my ledgers. Briefly up until about - during the first period of the licence my expenditure was approximately fifty thousand pounds. 20

Q. In the first 12 months? A. Yes. Each period of six months. I think the first period was about initially about say, 15,000 and an account came in for the drilling which took it up to considerably more, to about 28,000.

Q. Well now, when approximatley did you return to Australia? A. Late November, early December.

Q. And shortly after you returned did you have some discussion with someone on behalf of Dubar Trading Company? A. Mr. Duval I should think. You see, I think they stopped paying money in to - after July. 30

Q. That was before you went away? A. Yes, well say, let's say about August they stopped paying money in. They paid in 15,000 altogether and then they stopped paying.

Q. You told us a little while ago you recall, before you went away in September/October, 1961, no document had been finalised combining your arrangements with Mr. Duval to terminate the - A. No, I had draft deeds. I had draft documents from Murphy & Moloney but no conference took place for settlement of it. 40

Q. You went away and the thing was still left somewhat in the air? A. That is right.

Q. When you came back did you again pick up discussions about that matter? A. Yes, I took them up with Mr. Burrell.

Q. He was Mr. Duval's attorney? A. Yes, his attorney in Australia.

Q. Can you recall when you had those discussions with Mr. Duval? A. It would be February - March of 1962. 10

Q. Whereabouts were they held, Mr. Hudson?

A. They would be - I think there was only one discussion and I think that was at my office. I'm not sure of that.

Q. I don't want to take you into the details of the opposing contentions that were made but in general terms, can you tell us what Mr. Burrell's approach to the situation and what yours was as in position to each other? A. In general terms they then claim, after I came back and after the settlement, they then reclaim their interest in the Savage and the Blythe River and in fact lodged a caveat against the title of the Savage River. I made an application for an exploration - 20

Q. Did you make an application for an exploration?

A. No, I didn't.

Q. Who made the application that you referred to?

A. Well, can we go back again - it seems to have become confused. 30

Q. You said something - you told us that a caveat had been lodged - that they had lodged a caveat?

A. Yes, against the Savage River.

Q. And then you said something about an application? A. Both Mr. Dickinson and I made an application for the leases of the Blythe River, you recollect early in 1961 and I had also made an application the same time and they were conflicting applications.

Q. And they were applications that had been made back in 1961? A. That is right. 40

Q. But we are now in 1962 and you say that Duval interests had lodged a caveat in respect of the Savage River? A. Yes.

Q. And you found this out when you came back,

did you? A. No, it was after I came back I think that the caveat was lodged.

Q. Now, go on from that. You had a discussion with Mr. Burrell? A. Well, I don't know that I had discussions but there was letter written making a claim.

Q. I thought you said a moment ago you had a discussion? A. I had one discussion with Mr. Burrell.

Q. Can you tell us about what was said at that discussion? A. (No answer). 10

Q. If you can't remember - A. I think it was a discussion in connection with the completion and execution of a new deed dealing with the Savage River and in which I would take a half interest and they were to take a half interest and then at a subsequent date they lodged a caveat and they claimed a half interest in the Savage River and their interest was only in regard to export of iron ore from the Savage River. They were not interested in the steel mill. 20

Q. This was the area in which the dispute then existed? A. Yes.

Q. At this point of time did you receive a letter from Dubar Trading Company enclosing a document?
A. Yes, I did.

Q. Would you look at the photocopy of a letter dated 22nd March, 1962, together with a photocopy document dated 20th March, which I show you. The originals are here somewhere but I cannot see them at the moment. (Witness handed documents). 30
A. Yes, that is the letter I received on 22nd March and that is the enclosure that came with it.

MR. STAFF: I tender those documents, your Honour.

(Mr. Hughes objected to the tender of the documents on the grounds of relevance.)

(Both counsel addressed his Honour.)

HIS HONOUR: I do not think there is much use in my endeavouring to assess the significance of any of those documents on a rule of evidence. I think I will admit them at the moment. They are no more than evidence of something that happened, namely, that Mr. Hudson received this letter and this document. What significance it ultimately has in the light of the whole evidence, we will have to determine, but I think I should know what happened. 40

MR. HUGHES: Would your Honour make the tender subject to objection.

HIS HONOUR: Yes, I will make it subject to objection.

(Letter from Dubar Trading Company Pty. Limited of 22nd March, 1962, and the enclosure, dated 20th March, 1962, admitted subject to objection as Exhibit 27.)

MR. STAFF: Your Honour could you see the name of the signatory there - I have not another copy here at the moment. 10

HIS HONOUR: W.D. Phillips, secretary, signs as secretary of Queensland Mines.

MR. STAFF: Q. As at the 20th March, Mr. Phillips was secretary of Queensland Mines? A. I think -

Q. I think at that time Mr. Gladstones was chairman, having only a short time earlier become chairman? A. He became chairman on the 13th February, 1962. 20

Q. And he had a little earlier than that become chairman of Factors Limited? A. Sometime before that.

Q. And Mr. Gladstones, I think, was an accountant practising in Melbourne, was he not? A. He was an accountant practising in a firm of Flack & Flack, I think the name was.

Q. Flack & Flack in Melbourne? A. He was an accountant.

Q. And I think he died some years ago? A. As far as I can ascertain in my inquiries he died some three or four years ago. 30

Q. And it was about a month earlier than the date of the document you identified that the meeting had occurred of Queensland Mines at which you gave or you made a statement at some length about the Tasmanian activities? A. That is correct.

Q. And that was I think at Mr. Gladstones' request, was it not? A. That is so.

Q. Did Mr. Gladstones at that February meeting tell you why he was asking for this statement? A. No. 40

Q. Or an explanation by you? A. No.

Q. Can you recall how the matter arose, Mr. Hudson, that is on 13th February, 1962, or have you no recollection? A. What is that? 13th February?

Q. Yes, the matter of how the Tasmanian iron ore deposits arose on 13th February? A. 13th February, the meeting of 13th February, Mr. Redpath resigned. Mr. Gladstones had become chairman of the meeting and appointed to the Board on that day.

Q. You remember that at that time you were recorded in the minutes as having given a lengthy report on the negotiations that had taken place with the Tasmanian Government with regard to developing the iron ore deposits in Tasmania? A. Yes, I recollect that. 10

Q. Can you tell us how that subject matter arose that day? A. The meeting, the formal business of the meeting, had ended and Mr. Gladstones asked me what was the position with reference to the Savage River. At that time I knew that he had been appointed in the nature of a receiver of Factors through endeavours of the Commonwealth Bank and I took it that he was making general inquiries of the assets of Factors and generally the Korman group. I gave him a very lengthy description of the thing. I didn't know whether he knew the history or not so I took him back through the history of the thing, Mr. Korman going down to see the Premier and finally the application for licence, granting the licence, Mr. Korman's retirement or Stanhill's retirement, and then I went on to describe the Savage River itself, what it was, the difficulties attached to it. 20 30

I told him I had been overseas and seen about 19 companies and had been unable to interest anyone but I felt that after I proved that the - I told him I had done the smelting test and we were able to satisfactorily produce steel from it. I generally gave him a complete rundown of the whole thing. I also told him the terms and conditions of the licence. I told him that I had told the Mines Department that I would carry on with it to see if I could get a company to replace Stanhill. I indicated to him that I was spending about 20,000 every six months and up to date I had been unsuccessful in obtaining anyone but I still thought that the venture would be successful. I still thought finally it would have a good outcome. 40

I pointed out that I myself - the Government had reduced the expenditure required for me under the terms of the licence and I indicated to him that in my view it was necessary to carry on for at least a while and further develop the area 50

before it could be of interest to anybody. I also told him that I had had Messama Transvaal come out from Africa to look -

HIS HONOUR: Q. What was that? A. Messama Transvaal come from Africa to look at it but I told him candidly that I had had a number of people look at it and all had turned it down and turned away. Generally I brought him right up to date and of course at that relative time I thought he might have been able to interest someone in it because of his standing in the community and Victoria. I was at that stage getting involved to an extent that I didn't want to. 10

MR. STAFF: Q. Over the last 12 months or so you have given a deal of thought to your recollection of these conversations on this very day, haven't you, Mr. Hudson? A. Yes, I have. I have given considerable thought to it and I can't completely remember at this point of time the whole of the conversation but in my view I presented a very lengthy and true picture of the thing. I wasn't anxious to carry on myself or hoping to, and I just gave what I knew about the true picture. 20

Q. At this point of time did you envisage or were you looking to making a personal profit out of the proposition? A. I will say this, that in the initial point of time, you know, when you first took it over, you might have spent 5 or 6,000, you would look to getting a return in money. When you have got to the stage of spending 50,000 you are probably hoping you might get something out of it. But the situation in the thing was that I couldn't see getting it together, because the greatest defect of it at that stage was it was held under licence every six months and any company that wanted to go down and say to the Tasmanian Government, "We are prepared to take this thing on" would have got the licence. Now the Premier had discussed this with me and warned me. His position was, if anyone applied for it, he had a duty to the State to give it to them, and I realised that and I remember saying to him, "Well, if that is going to eventuate, well, I hope that you can try and get my money back for me". But, like Mr. Reece, he just looked at you and that was it. He probably would have, but that was him. 30 40

Q. You had no commitment from him? A. I got no commitments, nor could I have got a commitment because from the State point of view, if U.S. Steel had come out and said, "Righto!. We will give it a go", I, as an individual of course, was not in a position to accomplish what they could. In regard to Queensland Mines I told them the conditions of the licence, that my licence had been reduced in 50

regard to expenditure, but I still thought it would cost, even to keep the thing alive, you know, to keep yourself going with the Government it would still cost in the vicinity of at least 20,000 every six months.

Q. Now, Mr. Hudson, how long did this report or conversation in relation to this matter on that day at the meeting take? A. Well, I really couldn't tell you now, Mr. Staff. It was a long meeting. I really felt he was just enquiring - I knew Stanhill was going to go into liquidation at that stage and I knew Factors were going into receivership and I thought he was doing a job just making inquiries. 10

Q. I think were Mr. David Korman and Mr. Redpath present while this report or conversation was going on? A. No, Mr. David Korman was present. Mr. Redpath had tendered his resignation at the beginning of the meeting.

Q. And left? A. And had left the meeting. 20

Q. Did Mr. David Korman say anything during the course of your explanation? A. No, well, he knew all the facts himself.

Q. Did you state the facts relating to the matter truthfully, Mr. Hudson? A. Quite truthfully, Mr. Staff.

Q. Did you conceal anything? A. No, I had no reason to conceal anything, nor did I conceal anything.

Q. Did you in any way misrepresent anything relating to the matter? A. No, I didn't. Mr. David Korman was present at that meeting, fairly well aware of the whole thing, of course. 30

Q. And, Mr. Hudson, you recall I think there was a reference in the record in the minutes in these terms, "There was no question of any promoters' profits in the plan which envisaged the forming of a company to develop the area"? A. Yes.

Q. Did you say something like that? A. I wouldn't have used the word "promoters' profits". They would be the secretary's. I didn't use the word "promoters' profits". 40

Q. Do you remember what you might have said about that sort of matter or what you did say?
A. No, I stated the facts. The facts were there. You couldn't get a profit unless you could get someone to sell it to you.

Q. In the original discussions with Mr. Stanley Korman right up to the time the licence was granted, had there ever been any suggestion that in the result of forming the company which was to develop the area, there was to come to Stanhill, or Korman or anyone, a promoter's profit? A. No, there was no promoter's profit at all envisaged in the scheme contained under the licence.

Q. Had you ever prior to 13th February discussed Tasmanian iron ore in any way with Mr. Gladstones? 10
A. No, that was the first time I met Mr. Gladstones. I hadn't met him before.

Q. And you had had no correspondence with him about it? A. No, not to my knowledge.

HIS HONOUR: Q. What position did you say he held? He was receiver of Factors? A. He wasn't receiver, sir. I am talking about information supplied to me. He had been put into Factors by the Commonwealth Bank and he had been made chairman to try and save what he could of that company. It in fact did go into receivership. 20

Q. Did he have any position in relation to Stanhill? A. He was chairman of Factors. I don't think he had any position in relation to Stanhill. That was my understanding. He wasn't connected with Stanhill and Korman.

MR. STAFF: Q. Following that meeting and up till the time you received the letter of 22nd March, 1962, from Dubar Trading Pty. Ltd. which is Exhibit 27, did you have any discussion that you can remember with anybody associated with Queensland Mines or Factors in relation to the Tasmanian iron ore deposits? A. No. 30

Q. Did you in that period -? A. I had had a discussion with Mr. Korman.

MR. HUGHES: I cannot hear.

WITNESS: I had had a discussion with Mr. Stanley Korman. I might just think. I am sorry, could I correct that? 40

MR. STAFF: Yes.

WITNESS: I had had discussions with the following persons during the period March '61 up that period February '62.

MR. STAFF: Q. I don't want to ask you about those at the moment. We will come back to those in

another compartment if I may. A. Who were connected or had been connected.

Q. I know. I will come back to those at another point but at the moment perhaps I will ask you this: did you see Mr. Korman while you were in America in the latter part of '61? A. Yes, I saw Mr. Korman on September 25th, 1961.

Q. Whereabouts was that? A. In the lounge of the Waldorf Astoria.

10

Q. And did you have a conversation with him there?

A. Yes, I had a long conversation with him.

Q. What do you recall of that conversation?

A. Mr. Korman asked me what I was doing over in New York and I told him that I was seeing these various companies to see if I could interest them in going to the Savage River, and told him I wasn't meeting with any success, and again we discussed things. I asked him how he was, etc.

Q. Was he still at that time associated with Stanhill? A. Oh, yes, he was chairman of Stanhill. Stanhill - but I think Stanhill went into liquidation about '63, '62 or '63.

20

Q. Anyway, at the time of this conversation he was still chairman of Stanhill? A. Yes.

Q. And associated with other companies in the group? A. Yes.

Q. Now did you have any other conversation with Mr. Stanley Korman between that time and the meeting at which you explained the situation to Mr. Gladstones in February of 1962? A. I had discussed with Mr. Stanley Korman before that meeting in New York.

30

Q. No, I don't want to take you back to those other discussions at the moment. Just between the meeting in New York or discussion in New York and the 13th February, 1962, when you discussed the matter with Mr. Gladstones. A. I can't recollect that I had.

Q. Now do you recollect whether or not you had any discussion between the time when you talked to Mr. Gladstones at the meeting of 13th February 1962 and the time when you received Dubar Trading Pty. Ltd.'s letter dated 22nd March, 1962?

40

A. No.

Q. You don't recall or you didn't? A. I don't recall having any. That is between 13th February and - ?

Q. 22nd March? A. Are you talking about discussions with Dubar?

Q. No, discussions with anyone associated with Queensland Mines, Mr. Korman or anyone else?

A. Well, it is pretty difficult to say that because I saw Mr. Redpath quite often and placing the times I saw Mr. Redpath in respect to years would be virtually impossible. 10

Q. We know Mr. Redpath resigned as a director of Queensland Mines on 13th February? A. If you exclude Mr. Redpath, my answer is "No".

Q. When you received the Dubar letter of 22nd March, 1962, with the enclosures, they being Exhibit 27, and having read them, what was your state of mind? A. Well, I was very annoyed about it. I had come to ~~trust~~ ^{know} Mr. Dickinson fairly well, of course, and with Mr. Duval I have always found him a completely different type of man, and he and I are still quite friends and always have been. With his representatives out here, I found great difficulty in looking at them with any favour, put it that way. 20

Q. I did not want to ask you really about your feelings? A. I was annoyed about Dickinson.

Q. But in relation to having seen what was said in the letter of 22nd March and having read the enclosed document? A. Yes. 30

Q. Did you come to some decision? A. Well, I went down to see the Mines Department.

Q. In Tasmania? A. Yes.

Q. Having done that, did you reach any decision in relation to your future with Dubar Trading Pty. Ltd., your future relationship? A. Well -

Q. That is in respect of the Savage River and the Blythe areas? A. I had come to an arrangement with Mr. Duval that he would have a half interest in the Blythe River and we were both putting up 50 per cent each of the expenditure. 40

Q. But this was earlier? A. This was earlier and I was developing the Blythe at the same time as working for Savage and I continued to regard him as having that interest in it although the agreement produced by the solicitors had not been

executed or brought to fruition. I always regarded him as having an interest if he wanted to, and that was it. Finally I drilled it out. It was useless.

Q. Now then came 22nd March or thereabouts when you read the Dubar Trading Pty. Ltd. letter, so dated? A. That is right.

Q. And in that you recall that Dubar claimed to have at that time a 50 per cent interest both in the Blythe and in the Savage River? A. That is right. 10

Q. Did you then do anything in relation to Dubar in the light of that claim and of the receipt which would have been enclosed? A. Well, I wrote a letter and I went to see the Mines Department.

Q. You denied the claim that Dubar had made?
A. Denied the claim that Dubar made.

Q. And you wrote a letter? A. I went to see the Mines Department and disputed their claim and while I was there I was shown or somehow got or explained to me as to what they alleged. 20

Q. Did you also see when you were down there a letter which had been written to the Premier? A. I saw a letter written to the Premier.

Q. By someone on behalf of Dubar? A. Yes.

Q. About that? A. About their claim.

Q. Then those things having happened, did you then do something in relation to Dubar concerning the payment of money? A. I had already paid I would have thought the 12,000. When I spoke to Mr. Duval he knew I was going away or just come back or something. He said, "Don't hurry, Roy, about payment" but I did refund to them the 12,000. 30

Q. That was 12,000 which had been expended in Tasmanian development? A. That is right.

HIS HONOUR: Q. When did you refund that? A. I am not sure, sir, I would have to have a reference to it. I know it was not for three or four months after I came to settlement with Mr. Duval.

MR. STAFF: Q. Would you look at the photocopy letter and receipt which I show you. (Shown)? 40
A. Yes, that was March 1962.

Q. Would you look at the date on the receipt?
A. 30th March, 1962.

Q. Having looked at that, does that refresh your recollection as to when, in relation to the letter you got from Dubar dated 22nd March, you paid that sum of money? A. Well, I paid the money on 3rd March.

Q. On the - ? A. 3rd March.

Q. You got a receipt? A. I am sorry, on 30th March, 30th March. It would be after the date of that letter.

10

Q. The receipt is dated 30th I think, Mr. Hudson, is it? A. Yes, so it would have been paid on 30th March.

Q. Shortly then after you got the letter enclosing the receipt Exhibit 27? A. That is correct.

(Letter from Murphy & Moloney of 30th March 1962 to Mr. Hudson and enclosed receipt of the same day admitted without objection and marked Exhibit 28.)

Q. (Letters shown to Witness.) I think they explain a round-robin of cheques backwards and forwards? A. Yes, they are correspondence referable.

20

(Letter of 26th March, 1962 from Industrial & Mining Investigations Pty. Ltd. to Dubar Trading Pty. Ltd., letter of 27th March, 1962 between the same parties, letter of 28th March, 1962 in reply to the previous letter and letter of 26th March, 1962 in reply all admitted without objection and added to Exhibit 28.)

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(Witness stood down)

(Further hearing adjourned to 10 a.m. on Monday, 21st October, 1974.)

MR. STAFF: Q. The last letter you had written I think, Mr. Hudson, was one to Murphy and Moloney which is in evidence, suggesting that they had no instructions to hold moneys on your behalf and that they return the moneys to Dubar? A. Yes.

Q. Following that letter did you hear nothing more from Murphy and Moloney? A. I believe I didn't hear anything.

Q. And you heard no more at that point of time from Dubar? A. No, at a subsequent point of time we tried to get a conference going to settle the terms of the agreement, the new agreement covering the Blythe River, but it was postponed for some reason or another and it never did eventuate. 10

Q. And from that time onwards did you ever hear anything more from Dubar about a claim to the Savage River interests? A. No, I didn't but at a subsequent point of time - I speak from recollection - maybe within a year, on further checking the amount that should be paid to Dubar, there was another £100 payable, and I wrote a letter to them and sent a cheque and they wrote and thanked me for it. 20

Q. From shortly after the time when you finally wrote to Murphy and Moloney and suggested that they return the money to Dubar, what was your attitude in relation to the claim previously made by Dubar to an interest in the Savage River leases? A. Well, I took no notice of it and just carried on. Actually I think the thing is that they issued a caveat on the titles of the - against the exploration licence of the Savage River and under the Mining Regulations of Tasmania you have got to go to a warden's court and support that claim within thirty days and they failed to do so. 30

HIS HONOUR: Q. This £12,000 represented amounts they had advanced in respect of the Savage River investigations, did it? A. Yes sir, they had advanced actually 15,000 but some 3,000 had been spent on the Blythe River and 12,000 had been expended by me on the Savage River and I returned the amount that they had - with an account that had been spent on the Savage River. 40

Q. What about the 2,500 that they said they had paid to Queensland Mines? Did they ever get that back or what happened? Was there any adjustment about that? A. The £2,500 - are you referring to the amount specified in the deed or the receipt?

Q. The receipt, the receipt signed by Mr. Phillips?

A. They went down to Melbourne and purchased that themselves and paid the £2,500 over.

Q. And as far as you know they remained out of pocket for that 2,500? A. Until recently, yes.

MR. HUGHES: Until recently?

MR. STAFF: Until recently. We might come to that.

Q. I think very recently, indeed within the last week or so, you in fact have taken - I am sorry, the two corporate defendants have taken an assignment from Dubar Trading Company of their rights under that transaction? A. That is correct, Mr. Staff. 10

Q. For the sum of \$5,000? A. \$5,000.

Q. And that \$5,000 has been paid and the transaction documented? A. That is correct.

Q. And the documents are available if required?

A. I beg your pardon?

Q. The documents are available if required?

MR. HUGHES: Are they in court? 20

MR. STAFF: They are not but we will get them during the day.

Q. I think just to clear it up, Mr. Hudson, you entered or the companies entered into that transaction recently on the advice of their legal advisers?

A. Well, I have had various advices, Mr. Staff.

Q. Some for and some against, I think? A. Originally when I first got the writ I thought it might be a simple way of putting an end to the case and save the inconvenience, and I spoke to my then senior counsel about it and I was advised not to; and recently my present counsel advised me to. 30

Q. That just shows what happens when you get in the hands of various counsel? A. Yes, I have had the advice of five senior counsel so far.

Q. Now, Mr. Hudson, I want to go to another subject matter now. A. When you said that that was the end of the matter-

Q. Yes. A. Dubar did make certain representations to the Tasmanian Government and I did see the Tasmanian Government in reference to their representations. I think they wrote a letter to the Government and made certain representations. 40

Q. That was a letter written about the time of the date of the receipt, was it? A. Yes, around the same time.

Q. Around about March. Who did you see in Tasmania about that? A. The Premier and Mr. Symons.

Q. Do you recall approximately when that was, Mr. Hudson? A. It would be in March of 19 -

Q. 1962? A. Just a minute, '62.

Q. If I could ask you this, did you then see a letter which apparently had been written by Dubar Trading Company to the Premier? A. I did. 10

Q. Would you look at the photocopy I show you (shown). Perhaps I could draw your attention to the fact that it appears to be written by Duval Holdings Pty. Ltd.? A. I think that is the correct name of the company.

Q. I suggested Dubar Trading Company, I am sorry, Mr. Hudson. Is that a photocopy of the letter you were shown in Tasmania by the Premier? (Shown) A. Yes, that is it. 20

Q. You notice it purports to be signed by Mr. Dickinson? A. That is correct.

Q. Is that the Mr. Dickinson about whom we have heard? A. Previously been referred to, yes.

Q. I think you had referred to him last week as an employee or as a consultant to Dubar Trading Company? A. Yes.

Q. He was also at some stage -? A. I think at that particular time he was on a permanent employment. 30

Q. With the Duval Group of companies? A. With the Duval Group.

Q. And Duval Holdings was one of the companies? A. Yes.

MR. STAFF: Of which Mr. Duval was president. I tender that letter.

(Copy letter from Duval Holdings Pty. Limited to the Premier of Tasmania of 26th March, 1962, admitted without objection and marked Exhibit 29. Comment on the second sheet not included in the tender.) 40

Q. Mr. Hudson, would you look at the handwriting on the second sheet and just tell us if you are able to tell whose it is. If you are not, it does not matter? A. I could not tell you.

Q. Then you have told us you went and had a conversation with the Premier and Mr. Symons about that letter? A. That is correct.

Q. And the subject matter of it. Can you tell us what was said between you in that conversation about that matter? A. Well, I think about that time the caveat had been issued and it was pointed out to me if they wanted to support a claim they had to go to the warden's court, and if they failed to support any claim they could never issue another caveat. The Premier was not particularly concerned. I mean he didn't want to enter into any dispute. He simply said to me, "If there is any problems that you have, you should settle them between you". But discussion also covered the Blythe River of course. 10 20

Q. I think at this time you had, as you had all along with Dubar -? A. I had gone down to the Premier to deny that they had any interest.

Q. I am sorry. A. I had gone to the Premier to deny that Queensland Mines had any interest at all.

Q. In the Savage? A. In the Savage River. The Premier was not prone to say too much. He was a man who listened a lot.

Q. You don't recall anything more about that conversation, do you? A. No, I don't actually. It wasn't a long conversation. 30

Q. I think just to clear the matter up, we have heard a deal about Blythe River deposits, Mr. Hudson. I think at no time did you ever get any mining title to the Blythe River deposits, did you? A. No, I spent about 20,000 developing the Blythe River to prove that it was useless.

Q. And you never sought title? A. And I didn't take title, ever take title.

Q. May I go back to February-March, 1961 and go to a question we have had some evidence about, about Associated Diamond Drillers and the drilling which they did in the Savage? A. Yes. 40

Q. Now you recall the letter which was written by you as Managing Director of Queensland Mines which is Exhibit "A5", on 9th February, 1961 to Mr. Symons

in relation to costs of what is described as a new drill hole? A. That is correct.

*Q. You gave some evidence the other day at page 121 in relation to a conversation you had with Mr. Symons preceding that letter? A. Yes.

Q. Now had you spoken to anyone from Associated Diamond Drillers prior to the conversation you had with Mr. Symons? A. No.

Q. Did you speak with anyone from Associated Diamond Drillers before you wrote your letter of 9th February, 1961? A. No. 10

Q. Did you in fact speak to anyone from Associated Diamond Drillers about drilling or anything in relation to the Savage River deposits prior to the grant of the exploration licence? A. Not prior to the grant of the exploration licence.

Q. Soon after that grant which we know was on 23rd February, did you speak to someone from Associated Diamond Drillers? A. Yes. 20

Q. Who was that? A. I made an appointment to see Associated Diamond Drillers and I went to see Mr. Bolton who was the Secretary, Bolton, who was the Secretary-Administrator of -

Q. Of the company? A. Of the company.

Q. And where did you speak with Mr. Bolton, Mr. Hudson? A. At his office in Melbourne.

Q. Can you tell us about when that was?
A. Approximately 27th February.

Q. Did Mr. Bolton then write to you following that meeting? A. I think he wrote to me a letter on 3rd March. 30

MR. STAFF: That is Exhibit "AO", your Honour.

Q. Now, Mr. Hudson, can you recall what the conversation was that you had with Mr. Bolton before his letter was written of 3rd March, 1961? A. I told Mr. Bolton that a licence had been issued to Stanhill for the Savage River, that a new company was to be incorporated in Tasmania who would spend a considerable amount of money on diamond drilling, that I had discussions with Mr. Symons in relation to the particular drill hole they were doing - were going to do with the Mines Department, and I told 40

*(See now pages 189/90.)

him that I had informed Mr. Symons that I would be responsible for the payment of that drill hole. I indicated to Mr. Bolton that at a subsequent time after the formation of the company I would need to discuss with him future drilling as I contemplated I would need to put on three or four drills.

Q. Did you say anything to him about the form of contract? A. Well, I had known that the Mines Department, or through Rio Tinto, had a formal contract in relation to their drilling and I said to him that I would like to have a copy of the formal contract so that I could look at it, not in relation to that particular drill hole but in relation to a possible further contract with them at a later date for other drill holes. 10

Q. What did he say to that request? A. He either gave me a copy or said he would send me a copy of the contract.

Q. Was there also some discussion about having a further conference with him and Mr. Skavass in the near future? A. Yes, he said that he would like Mr. Skavass, who was his general manager I think that really controlled the operational side of the company, he said he would like Mr. Skavass to meet me and have a discussion with me in reference to future drilling. 20

Q. After that conversation then you received his letter of 3rd March and you recall in general terms that letter, do you, Mr. Hudson? Would you like to look at it? A. Yes, I would like to look at it, Mr. Staff. Perhaps I think I know what it is (shown). 30

Q. Perhaps you had better just refresh your memory?
A. Well, that is not the third; that is 21st March.

Q. It is 1st March, the first one in the bundle I think? A. Yes.

Q. Now I think then did you see Mr. Skavass?
A. They called to see me on 6th March.

Q. And on that day did you write a letter addressed to Mr. Bolton of Associated Diamond Drillers? A. Yes, Mr. Bolton asked me the conversation about the proposed company to be formed and asked me in respect of the particular drill hole they were doing if I would give him a letter. 40

Q. And you wrote that letter as managing director of Queensland Mines? A. I did.

Q. Can you recall anything now of the conversation which you had with Mr. Bolton and Mr. Skavass at your office on Monday 6th March? A. Well, I indicated to Mr. Bolton - we had quite a long conversation actually. I indicated to him that as soon as the company was completed, was formed, that our expenditure requirements were \$250,000 every six months and I would want to employ three or four drills. I stated that that was quite a complicated set up for accommodation for men and all that type of thing and I said I wanted to discuss the question with him, I want a new contract in relation to it and fixing a price. It would need a lot of discussion. I mainly asked him whether he could in fact supply three or four drills. 10

Q. And did you have some conversation about the provision of a jeep or land rover? A. Oh, there were some questions about Rio Tinto who had a land rover down there either wanting to sell it or not wanting to sell it, and there was a question also of buying I think some equipment from Rio Tinto. They owned the pump which pumped up water from the Savage River to supply the drill holes, you see, and I had had discussions with Rio Tinto, either by 'phone or otherwise, where they said they were quite prepared to sell those things to me. 20

Q. I notice, Mr. Hudson, that in the letter which is part of Exhibit "AO" of 6th March, 1961, there is a reference to drilling for the Savage River under the same terms and conditions as applied to the Mines Department of South Australia? A. Could I have a look at that exhibit again? 30

Q. If you would just look at that. A. Or a copy of the letter.

Q. In the first paragraph (shown). A. Yes, that is right. That is referring to the same drill hole that I had taken over from the - that the Mines Department were undertaking and which I had written a letter on 9th February about. 40

Q. You see the reference to the Mines Department of South Australia? A. I beg your pardon?

Q. What was the reference to the Mines Department of South Australia? A. That is a mistake. It is the Mines Department of Tasmania, sorry.

Q. Having regard to your other evidence, is there anything you want to add as to how you came to write the letter that you have just been shown on Queensland Mines paper and sign it as Managing Director? A. Well, I think I indicated in the reference to the letter 50

of the 9th the things I would have had in mind. It is very difficult to recreate at this time the atmosphere of that particular time or what was going on, but I think it has to be remembered that my Chairman, Queensland Mines, and the other director also directors of Factors and the Chairman was also Managing Director of Stanhill Consolidated. I was aware of course that I was not committing Queensland Mines to anything. I mean, I had been offered a bond, Mr. Korman had offered 100,000 for the first three months and I had no reason to believe at that time that there would be any problems about payment when the account came in. Of course the prior May he had given me a cheque for 100,000 to buy shares in New Zealand. 10

Q. Of course by March, this letter is 6th March, by that time you had learned of a probability - (objected to on the grounds of being a leading question; rejected). 20

Q. After the 6th March letter, a little later you went down to Tasmania and saw Mr. Symons, did you?
A. No, I don't think I saw Mr. Symons again until 21st March.

Q. You saw him on 21st March and, as you told us last week, that was when you told him that Stanhill was not going on? A. That is correct.

Q. Then did you write to Mr. Bolton then on 5th April, 1961? Would you look at the photocopy which the officer will show you? (Shown) A. That is correct. 30

Q. Did you then see Mr. Bolton a little later to have a conversation with him? A. Yes, I saw Mr. Bolton. I told him that the original plan was not now going ahead as Stanhill had dropped out but I had accepted responsibility for the drill, I would be accepting responsibility for the drill hole and would be paying for it. I also told him of course the arrangements whereby I was contemplating three or four drill holes would not now go ahead, and that for the time being I would be paying the expenses in connection with the drilling at the Savage River. 40

Q. Did you say anything about the capacity in which you would be paying the expenses? A. I told him I would personally be doing it. It would be through me or my company, Industrial and Mining Investigations Pty. Limited.

Q. What did he say about that? A. I beg your pardon.

Q. What did he say about that? A. Well, I indicated

to him, you know, possibly the thing would go ahead at a later date, the formation of a company. We might still go ahead with the original plan, and he just accepted the position.

HIS HONOUR: Q. What date was that? A. It would be 5th April.

Q. That was Mr. Bolton, was it? A. Mr. Bolton, yes.

(Letter of 5th April, 1961, from Mr. Hudson to Associated Diamond Drillers admitted without objection and marked Exhibit 30.) 10

MR. STAFF: Q. Mr. Hudson, would you look at the letters of 9th March and 21st March, 1961, which are part of Exhibit "AO", from Associated Diamond Drillers addressed to yourself as Queensland Mines and as Managing Director of Queensland Mines respectively. Just look at those two letters (shown). Have you looked at those? A. Yes.

Q. Are they letters which you received from Associated Diamond Drillers in this period that we have been discussing? A. That is so. 20

Q. Following the conversations that you had that you have told us about? A. Yes.

Q. I think when you met Mr. Skavass in Sydney about 6th March were you then known to him or was that the first time? A. Yes, I had known him for a number of years because his company did a lot of drilling at Broken Hill for the other mining companies I had come in contact with. 30

Q. You had met him in that context? A. And I think at one stage he was acting as sales representative for drills, air drills, and I had had some dealing with him in respect of a few air drills.

Q. Do you recall when drilling commenced, that is drilling of the new hole commenced after the exploration licence had been granted? A. It commenced on 14th March.

Q. And you I think told us the other day that the first account was received some time at the end of April or early May and was paid in May? A. That is right. 40

Q. And paid from the E.R. Hudson Imprest Account?
A. That is right.

Q. From moneys which had their source in Dubar Trading Company? A. That is correct.

Q. That being an account for £3,559.5.0? A. That would be correct, yes.

Q. And subsequent accounts after that time I think you now know were, at any rate for some time, addressed to Queensland Mines Limited? A. Yes, they were addressed to Queensland Mines.

Q. Now do you recall seeing invoices come into your office during 1961 from Associated Diamond Drillers addressed to Queensland Mines in respect of drilling at the Savage? A. I saw invoices coming in in the name of Queensland Mines up until I went overseas in September. I didn't pay any attention to it. I was busy at the time. I mean, I knew I was paying the accounts and it didn't concern me much. After I returned from overseas in December I think I subsequently got a further account and I got in touch with Mr. Bolton and complained about the accounts being sent in Queensland Mines' name. Mr. Bolton said to me it wasn't his fault, it was the fault of the account's department and he went away and then came back or rang me back again and said that the original letter that I had given him on 6th March had been passed by him to the account's department and that he had failed to inform them of my discussions with him in April and the accounts had continued being sent under that original letter. He then said he would see that it was stopped and the accounts as from March were then addressed to me or to Industrial Mining.

HIS HONOUR: Q. When did you have this conversation?
A. I beg your pardon?

Q. When did you have that conversation? A. After I returned. It would be early in '62, sometime in '62. I was away until December and then I think I saw another account come in and then I communicated with him by 'phone.

Q. You say the accounts as from March 1962 were no longer sent to Queensland Mines? A. No, they were sent to myself or Industrial Mining.

MR. STAFF: Q. Would you look at Exhibit "AP"? (shown). A. I would have seen the invoices addressed to Queensland Mines up to the invoice of 21st September, 1961 because I can see some notes by myself in my own handwriting on them.

Q. Now did you at any time notice that the drilling, weekly drilling reports, were being

addressed to or at least described as drilling for Queensland Mines Limited? A. Yes, I spoke to- at the same time I spoke to Mr. Bolton about the accounts, I spoke to him about the weekly drilling reports which would have automatically followed the accounts.

Q. Did he say anything to you about what he would do? A. He said he would instruct the overseer to amend them and send them to Industrial Mining. 10

Q. Now subsequently did you see any weekly drilling reports and the way in which they were described? A. Well, yes, I saw them over a period. They were not of much relative importance to me. They were more for the geologist. We don't take the matter other than what has happened during the week, but I did ring Mr. Bolton on two or three times about this and complain about it, and also when I was down inspecting the Savage River quite a few times I spoke to Mr. James, who was the overseer, about it, but the practice continued until I think 1964 when Mr. Madden, my secretary, wrote a letter about it. 20

Q. The officer will show you a photocopy of a letter of 14th July, 1964 (shown). Is that a copy of a letter Mr. Madden wrote? A. Yes, that is correct. I don't think I used to see all the drilling reports because they were of more concern to the geologist, but I did know in fact the practice was continuing, sending these reports.

(Letter of 14th July, 1964, from Industrial & Mining Investigations Pty. Limited to Associated Diamond Drillers Pty. Limited admitted without objection and marked Exhibit 31.) 30

MR. STAFF: I am told that the drilling accounts after the beginning of 1962 have been left behind. I am sorry that they are not available. I will get them during the day.

Q. Now, Mr. Hudson, I want to come to another subject matter, namely the activities which you carried on by way of drilling, exploration, metallurgical testing and financing or attempts to finance the development of the Savage River deposits? A. Yes. 40

Q. You recall that the conditions of the licence envisaged - I am only summarising this, envisaged the formation of a company to explore and investigate the deposits with a view to an ultimate - or rather the expansion ultimately of that into a company to to carry on and service an integrated steel company or the flotation of a second company for that 50

purpose? A. Yes, I think it was contemplated the original idea was that Tasmanian Iron & Steel would have been incorporated with a nominal capital of 200-million, actually, but after spending 1-million the capitalisation would be expanded.

Q. When after 21st March you had heard and had informed the Mines Department that Stanhill Corporation was not going to take part in the formation of that company and was not going to subscribe the half million capital it had promised, what was in your mind when you undertook to pursue the enquiry and the attempt to float capital to investigate the deposit? That is, what did you have in mind to do generally in relation to the implementation or carrying out of the conditions of the exploration licence? 10

A. Initially my thoughts were that I could get another company to take Stanhill's place, that is contribute 500,000 to the initial million and follow roughly on the lines that had been set out in the application for the licence and on the terms of the licence itself which provided that a company was to be formed. So, as I said before, after discussions with Sir Frank Packer and Sir Ian Potter and having regard to the fact that it was then the same financial conditions in 1961, probably worse than what it is today, the possibility for floating a company was entirely remote unless in fact it was that you had a major world company come in and take Mr. Korman's place. If you got Kaiser International or someone like that to come in, I think you would have got the rest of the capitalisation in Australia, but you were dependant upon the reputation of the person taking it. 20 30

Q. You have told us that the discussions you had with Mr. Symons and the Premier were on the footing that the development of the deposits was to be associated with a steel industry situation in Tasmania?

A. That was a condition that had to be associated with it. 40

Q. At 21st March, 1961, did you have any belief as to the possibility of developing the deposits otherwise than for the purpose of a steel industry situated in Tasmania? A. No, there was no possibility because of the attitude of the Tasmanian Government and this is one of the problems actually that arose because at that time, the relative time, the Savage River deposits were the only deposits outside the iron ore deposits held by Broken Hill South which would have had sufficient reserves to support an Australian small steel industry. The deposit in Western Australia and the discovery came within a year or 18 months after. So that the intent at that stage was the integrated steel industry and that 50

continued up until about August of '63, but I would have had discussions with the Premier and Mr. Symons in an attempt to get them to alter their rulings, I should say somewhere in May of 1963.

Q. In 1961, and let us take it from 21st March through to the end of 1961, in all your discussions with persons who you were trying to interest in financing of the appropriate exploration investigation, were those discussions had on a footing that the proposal had to be one for an ultimate steel-making plant situated in Tasmania? A. Yes, all of those discussions were based on that. 10

Q. You told us about most of those discussions last week, Mr. Hudson? A. But in about November, just before I came back from America -

Q. This is November, 1961, is it? A. No, in November sometime, late November I think -

Q. 1961? A. '61, following discussions I would say I saw most of the steel companies in America and I had been able to talk to the executives of these companies and I realised after my discussions with them that if they were going to come into the Savage River, they would not come in on the basis of putting in half the capital and proceeding on the plan as previously envisaged by Mr. Korman. If they came in, they would come in toto in the initial stages, and I think in November of that year I wrote a personal letter to Mr. Symons which I think was probably contained in the Mines Department file, in which I indicated that I thought the original concept would have to be changed if they were to get an overseas company to come in, and that it would have to be a major American or British Company to come in and take over the whole development. 20 30

Q. Now, Mr. Hudson, I think you have some correspondence reflecting inquiries you made and you have been able, through search in various places, to find some copies of it but I think your records in this regard are somewhat scanty are they not? A. My records? 40

Q. Yes, of correspondence? A. Well, they are not complete after all this period of time because of stages you go through and clean up your office records.

Q. But I think in 1969 you moved office, did you?
A. '69, yes.

Q. And I think you then occupied offices in the P & O Building? A. Yes.

Q. Which were offices of Kathleen Investments, A.O.E., Queensland Mines and a number of other companies?

A. Yes.

Q. And you used those offices for your own personal affairs also? A. That is right.

Q. I think late in 1969 you moved all those offices to the Australia Square Tower? A. That is right.

Q. And at that time you took a sub-lease of part of the offices for your own personal use? A. Yes, Kathleen Investments had taken a whole floor and I took a sub-lease from them to conduct my own business from a portion of the floor, so I had their office and next door to it I had my personal office. 10

Q. I think during that move many of your records, including personal files, were destroyed? A. Well, they were left. They were left with Kathleen Investments' office or destroyed or what happened to them I wouldn't know. I mean, some of those records were produced on discovery by the plaintiff actually. 20

Q. At any rate following the move many of your personal records and some relating to the Savage - ?

A. Yes.

Q. - ceased to be available to you? A. Yes.

Q. And you believe were destroyed? A. I beg your pardon.

Q. You believe many of them were destroyed? A. Quite a few of them, oh yes.

Q. And at the time they were destroyed or left behind, whichever happened, did you regard them as not being of any future relevance? A. No, I didn't regard them as any particular relevance. We intended to have a clean-up in my offices but you get busy and you never get around to it, and there was a partial clean-up started. 30

Q. I think in 1971 you did get around to cleaning up some of your personal records? A. It started about '71, yes.

Q. And again as a result of that some of the material which otherwise might have been available was destroyed? 40

A. Yes, a lot of files dealing with separate companies and discussions and connections with Savage were destroyed.

Q. Would you look at a photocopy of a letter

which the officer will show you dated 10th May 1961?
(shown) A. Yes.

Q. Was that a copy of a letter which you wrote?

A. To Mr. Grover.

Q. On 10th May 1961 to Mr. Grover? A. Yes.

Q. I think it is mainly concerned with matters other than the Savage River but on the second page in the fourth paragraph did you make a reference to the matter of Savage River? A. Yes.

10

Q. Would you then look at a letter of 31st July, 1961 to Mr. A.J. Anderson of Austin-Anderson Australia Pty. Limited? (Shown) A. Yes.

Q. Is that a letter which you wrote to Mr. Anderson following a discussion with him in an attempt to interest him in the project that you had in mind?

A. Yes, Mr. Anderson approached me in connection with the matter and said that his organisation Austin-Anderson, which was a world wide major construction company, could be interested in the development of the Savage River and asked me for complete details and the information available at that date. On 31st July I wrote him a letter to forward to his company. I subsequently saw the company in America sometime in October.

20

Q. Did you then on 30th October, 1961, write the letter which I show you to American Metal Climax in relation to the same matter (shown)? A. Well, they wrote to me, Mr. Staff.

Q. I am sorry, yes, they wrote to you. A. Following my discussions to interest them, when I tried to interest them when I was in America in October. They wrote to me about it and referred me to the Selection Trust in London whom I subsequently visited, the Selection Trust. But at a later stage, I think sometime in '63, American Metal Climax came back and saw me and then said they might have an interest and they went down to see the Tasmanian Government and following that visit they dropped their interest in it.

40

Q. Then would you look at the letter which I show you written by Mr. Pupulidy for Strategic Materials Corporation on 1st November, 1961, to you. Is that a letter which you received in America? A. Yes, that is one of a series of correspondence with Pupulidy.

Q. And you not only had correspondence but you had discussions with Mr. Pupulidy in America? A. Yes.

Q. You noticed the manner in which that letter is addressed, Mr. Hudson? A. Yes, it is addressed to Industrial Mining.

Q. Had you had some discussion with Mr. Pupulidy at that time about Industrial & Mining Investigations Pty. Limited? A. I started discussions with him somewhere about September-October or prior to that actually I think. The Mines Department were of the opinion that the Strategic Udy Process for the direct reduction was the most advanced and they were the ones that put me on to him. And then we went over. This is where we went over to have the test by them and they issued a final report to me which should be in the files somewhere about December-January. 10

Q. I rather meant to ask you had you had some discussions with Mr. Pupulidy prior to that letter about the part of Industrial & Mining Investigations Pty. Limited? A. Oh, quite a number.

Q. When did you have the first of those discussions with Mr. Pupulidy? A. I didn't see Mr. Pupulidy until I got over in September to America but there had been a lot of correspondence, getting a quote for the price of the smelting tests, and there would have been a whole file of correspondence. 20

Q. Then on 21st December, 1961, did you write as Managing Director of Industrial & Mining Investigations to Mr. Symons, copy of which I show you (shown). A. Yes.

Q. Did you then on 12th February, 1962, write to Mr. Symons in terms of the copy which I show you? (shown) A. Yes. 30

Q. And again on 19th March, 1962, to Mr. Symons from Industrial & Mining Investigations? (Shown) A. Yes.

Q. Then on 24th April, 1962, did you receive from the French company, Compagnie des Ateliers et Forges de la Loire, this letter shown? A. Yes.

Q. And then on 27th June, 1962, did you write to Mr. Symons as Managing Director of Industrial & Mining Investigations in terms of the copy letter which I show you? (Shown) A. Yes. 40

Q. Did you then write again to the Director of Mines, it is either 15th or 16th August, enclosing a list of expenditure*in connection with drilling and exploration generally? (Shown) * to August, 1961 that is expenditure

HIS HONOUR: To August, 1961?

MR. STAFF: To August, 1961, yes.

HIS HONOUR: The letter is August, 1962.

WITNESS: The expenditure is in respect of the period ending August, 1962 and my expenditure for the period ending August, 1961 had gone astray and I was asked to forward them a copy of it. So under cover of this letter I forwarded a copy of the expenditure up to '62 and also forwarded the expenditure incurred during the period in '61.

10

MR. STAFF: Q. Do the particulars of expenditure there recorded truly represent the expenditure that had been made in those periods to the best of your belief? A. Yes.

(Letter of 10th May, 1961, from Mr. Hudson to Mr. Grover admitted without objection and marked Exhibit 32.)

MR. STAFF: In that first letter there are only two paragraphs on the second page, the third and the fourth I think, which seem to have any real relevance. 20

(Letter of 31st July, 1961 from Mr. Hudson to Mr. A.J. Anderson of Austin-Anderson Pty. Limited admitted without objection and marked Exhibit 33.)

(Letter of 30th October, 1961 to Mr. Hudson from American Metal Climax admitted without objection and marked Exhibit 34.)

(Letter of 1st November, 1961 to Mr. Hudson from Mr. Pupulidy of the Strategic Materials Corporation admitted without objection and marked Exhibit 35.) 30

HIS HONOUR: I think the next letter from Mr. Hudson to Mr. Symons dated 21st December, 1961, is already in as Exhibit "A43". I remember reading it before.

Letter of 12th February, 1962, from Mr. Hudson to Mr. Symons admitted without objection and marked Exhibit 36.)

(Letter of 19th March, 1962, to Mr. Hudson from Mr. Symons admitted without objection and marked Exhibit 37.) 40

(Letter of 24th April, 1962, to Mr. Hudson from Compagnie des Ateliers et Forges de la Loire, admitted without objection and marked Exhibit 38.)

(Letter of 27th June, 1962, from Mr. Hudson to Mr. Symons admitted without objection and marked Exhibit 39.)

(Letter of 15th August, 1962, from Mr. Hudson to Mr. Symons enclosing list of expenditure to August, 1962 and a further copy of expenditure to August, 1961, admitted without objection and marked Exhibit 40.)

(Short adjournment.)

10

MR. STAFF: Q. I show you a letter dated 16th August, 1962. Is that part of a copy of a letter which you wrote to Mr. Symons on that date? A. Yes.

Q. I think the remainder of that letter is not able to be found? A. It would be in the Mines Department file.

(Letter dated 16th August, 1962, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 41.)

MR. STAFF: I will have a search made to find the remainder of that letter, assuming there is any more of it.

20

Q. On 5th September, did you write a letter to Mr. Symons (copy shown)? A. Yes.

(Letter dated 5th September, 1962, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 42.)

Q. On 21st September, 1962, did you write this letter (photocopy shown)? A. Yes.

(Letter dated 21st September, 1962, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 43.)

30

Q. Did you write a letter to Mr. Mansen, Chief Chemist and Metallurgist, Department of Mines Laboratory, on 21st September, 1962? (Copy shown)
A. Yes.

(Letter dated 21st September, 1962, from Mr. Hudson to Mr. Mansen tendered and marked Exhibit 44.)

Q. On or about 25th September, 1962, did you receive a letter so dated from Mr. Symons? (Letter shown) A. Yes.

40

(Letter dated 25th September, 1962, from Mr. Symons to Mr. Hudson tendered; chain

of correspondence objected to; admitted subject to relevance and marked Exhibit 45.)

Q. Would you look at a letter dated 4th October, 1962, addressed to Mr. Symons. (Letter shown) Did you write the original of that letter? A. Yes.

(Letter dated 4th October, 1962, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 46.)

Q. Before we leave Exhibit 46, were the opinions you there expressed opinions which you then held? 10

A. Yes, they were the feelings I then held.

Q. Were the facts you stated in that letter true?

A. Yes.

MR. STAFF: I tender a letter dated 8th October, 1962, from Mr. Hudson to Mr. Symons. Perhaps Mr. Hudson might identify it.

MR. HUGHES: If my learned friend assures me that these letters went, we can dispense with Mr. Hudson seeing them. 20

(Letter dated 8th October, 1962, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 47.)

MR. STAFF: Q. I show you a letter dated 15th November, which I think you wrote to Mr. Symons. Would you look at the first paragraph in particular. You refer to some pelletising. At that point of time and a little time before that had you conducted some enquiries into the prospects of pelletising in connection with the Savage River iron deposits?

A. Yes. I had discussions with another French company, Miniore Metallurgique who put the idea of pelletising into my mind as a method of starting the Savage River off. Then in October and November two companies came out to see me; one was Cleveland Cliffs and the other was Pickands Mather, and they furthered my interest in it because they were the two world pelletisers at that stage, because they processed it or started about five years previously and it was quickly building up. They became interested in the Savage River as a pelletising project mainly because it was magnetite ore. If I might explain it, you grind up the magnetite in a certain point of time and run it over magnets, you lift out the iron. About this time the Mines Department and all their trials had never succeeded in reducing the titanium content, they had it at .4. I had been to Japan and discussed the matter with the Japanese, and it was generally regarded that .4 was unacceptable. Talking to Pickands Mather and Cleveland Cliffs I found that 30 40

they ground their low grade ore at minus 350. I then got the laboratories to start grinding to minus 350 and this became the real breakthrough from the point of view of Savage River, because at minus 350 it left behind all the impurities and ended up with only .2 titanium, which was an acceptable project for steel industry purposes. I did a very detailed study of pelletising at that time and got all the information I could and decided I could push ahead to get a pelletising unit going, in view of the inability to get anyone interested in the steel industry. 10

Q. You have spoken of pelletising by that description. Can you explain a little more what the process is? A. You grind the ore to minus 350, that is about the fineness of face powder.

HIS HONOUR: Q. What does the phrase "minus 350" mean? A. One grain is a thousand parts; minus 350 is 350 of a thousand part of a grain. The titanium was contained in crystals of iluminite and rutile and it was found in the particles of magnetite ore, and grinding it very fine released the particles, and when it was put over the magnets and the iron lifted out, it lifted the iron out - you grind it out in a boremill and a rod mill until you get the minus 350 grind, and then you put it over wet magnetic separation, they lift out the iron only and leave the rest of the material behind. You then take that material. You first of all dry it, then you roll it in what is called a bore mill and you add bentanotite to it, and the bore mill as it runs around rolls the material into small balls about the size of a marble. Those are then taken and subjected to high heat until they become almost as strong as a marble and capable of being shipped away in that form. 20 30

MR. STAFF: Q. These are what you call the iron pellets? A. Yes.

HIS HONOUR: Q. Pelletising is just for transport purposes, is it? A. Two factors. (a) If you use the magnetite ore you get a very high concentrate, the final pellet is 67.5% iron. It is very difficult. You can't cart it away in a powder form. It is converted into pellets. Consequently you can't put powder form into a blast furnace because it would put out the furnace, so by putting it into pellets it can go into a blast furnace and you can use it in a blast furnace. 40

MR. STAFF: Q. The process of grinding the ore, extracting the iron powder and then turning that into pellets is an industrial process, is it? A. Yes, a major industrial process. 50

Q. Requiring the application of a large amount of heat? A. I beg your pardon?

Q. Requiring the use of power and the application of heat? A. Requires a fair bit of electric power. It is a type of furnace; you take it up to a very high degree.

Q. And you do it in a type of furnace? A. It is done in a furnace, yes. There are five down in the Savage River.

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Q. The pelletising plant that has now been established at the Savage River covers a considerable area of ground, does it not? A. Yes. Well, the grinding is done up at the mine head, and you have got the fine concentrate, and then it is pumped in a pipe line for 56 miles down to the coast.

Q. In the powder form? A. Yes. It is sent dry and pelletised at the coast. The total cost of establishing the industry was \$87 million.

HIS HONOUR: Q. The total cost of -- A. Establishing the industry that exists now, the Savage River.

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Q. Not just the pelletising plant, but the whole industry? A. That is the mining, the grinding, the pipeline and the whole concept.

MR. STAFF: Q. Including the shipping facilities? A. That includes the shipping facilities.

HIS HONOUR: Q. Does that include Government expenditure as well as private expenditure? A. No, it does not include Government expenditure; Government expenditure on roads and electricity, putting them through, all those are excluded from the cost.

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Q. Can you give us some idea of the number of men employed? A. On the project itself, building it, was about 1600 or 1700 men. Now it employs about 400 men.

Q. I think you said the pipeline ran some 56 miles? A. 56 miles, yes.

Q. We have heard the country is pretty precipitous terrain? A. Yes. I carried out a detailed survey as to how you would get the iron ore out, and that created a lot of problems. It was impossible to have a railway. We were going to take it down the river and try and get into Strahan Harbour. I had to do all the work on Strahan Harbour and all the ancillary work to see whether you could use this Port or not, depths, and carried out surveys.

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Finally we decided to abandon any project of using Strahan Harbour. Actually, what happened was a line was run out a mile into Bass Strait and anchors were put out from the ships up to 100,000 tons and they would come and anchor off and big feeders go from the end of the line and finish it that way.

HIS HONOUR: Q. Where is that? A. Port Latta. That is between Burnie and the western point of Tasmania.

Q. The road comes out to the north coast of Tasmania? A. The pipeline comes out, yes, and then the plant is at the north coast, and from there it goes straight out to Bass Strait. 10

Q. Where does the road from the mine come out? A. That wanders round a bit and finally does come out down the Wynyard or near Burnie, about 8 miles.

MR. STAFF: Q. During October, November and December, 1962, were there visits to Australia by people representing Cleveland Cliffs and Pickands Mather, in particular to the Savage River? A. Yes, I had men come out from the company. 20

Q. During that time did you have discussions with them about the prospects of a pelletising industry? A. They didn't mention the pelletising industry; but they discussed with me the prospects of taking, being interested in the steel industry as well as pelletising. And we arranged to send samples to them to carry out further tests.

Q. At that point of time you say there was no real discussion or exploration of the feasibility of a pelletising industry? A. No, they wanted to further check the thing and they also wanted to check with the Government. 30

HIS HONOUR: Q. What is "at that point of time"? A. November, 1962.

Q. That is not when Pickands Mather came out? A. Yes, they first came out in October/November, 1962, but they had been to Western Australia and looked at the iron ore deposits and came back to see me and went down the Savage; and the next year they started coming out fairly often. Cleveland Cliffs did the same. 40

(Letter dated 15th November, 1962, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 48.)

MR. STAFF: Q. Then on 16th November, did you follow

that letter with another letter to Mr. Symons?
(shown) A. Yes.

Q. Was that written, as it suggests, before the visit by the Cleveland Cliffs representatives to Western Australia? A. They had been out before. But there was another visit by their president, yes.

(Letter dated 16th November, 1962, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 49.)

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(Letter dated 29th November, 1962, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 50.)

(Letter dated 20th December, 1962, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 51.)

(Letter dated 14th January, 1963, from Mr. Hudson to Mr. Kennedy of Pickands Mather & Co. tendered and marked Exhibit 52.)

(Letter dated 13th February, 1963, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 53.)

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(Letter dated 30th April, 1963, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 54.)

(Letter dated 9th May, 1963, from Mr. Hudson to Mr. Symons tendered and marked Exhibit 55.)

(Letter dated 27th May, 1963, from Mr. Hudson to Mr. Arms of Pickand Mather & Co. tendered and marked Exhibit 56.)

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(Letter dated 22nd August, 1963, from Mr. Hudson to the Premier of Tasmania, tendered and marked Exhibit 57.)

(Letter dated 2nd September, 1963, from the Premier of Tasmania to Mr. Hudson tendered and marked Exhibit 58.)

Q. I would like to draw your attention to Exhibit 52, the letter you wrote on 14th January, 1963, to Mr. Kennedy of Pickands Mather & Co. (shown) Would you look at the second page, the last paragraph? You make a reference to a recent visit to the Premier. Can you tell us when that was and what conversation you had with the Premier on that occasion about the Savage River? A. I would not like to fix a date specifically, but to the best

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of my recollection it would be late in December, 1962, or early in January 1963. I believe it was in January, 1963, to the best of my recollection.

Q. Can you recall what the discussion was? A. I asked the Premier whether, in view of my inability to get anyone interested in the integrated steel industry - in between of course, I had seen a large number of other companies, I had been to Japan four times, I had seen the Japanese and one thing and another - and asked whether he would regard the setting up of portion of the area for pelletising favourably. Certain events had taken place up to that stage in that originally the Government had undertaken to make electric power available, but the Electricity Commission had handed over all that extra power to the extension of the Bell Bay aluminium plant and there was no longer any available power, and could not be any available for another five years until a new Dam, new hydro-electric scheme was built. That plus the other circumstances of the finding of the major Western Australian mines so down-graded the Savage that the Premier said he would consider the setting aside of portion of it, but he would not give any final decision until he had the specific plan placed before him. 10 20

Q. Was there any discussion about the balance of the area, what should be done with it? A. The balance of the area was to be reserved for an integrated steel industry. Of course, you realise, pellets could have been used, if pellets were being made they could have been used - 30

Q. In the steel industry anyway, yes. But at the time you were talking to him on the basis of pelletising for export? A. I was talking to him about pellitising for export as the first period of development of the overall scheme.

Q. I want to go back and draw together a number of stages of the development of the leases and the ore body. We have heard of your initial proposals and you told us that following 21st March you sought to interest numerous people, both in Australia and overseas. I think soon after 21st March you spoke to brokers in Australia about the possibility of floating a company such as had been in existence? A. Yes. 40

Q. Can you recall with how many brokers you discussed that problem? A. I can't recall how many but I think I was influenced by Sir Ian Potter and Sir Frank Packer in respect of it. Of course, you are talking of probably one of the biggest brokers 50

in Australia at that time. I do believe I spoke to some other brokers, but I can't recollect.

Q. That was a time also in 1961 of a credit squeeze and the concomitant difficult circumstances that seemed to go with a credit squeeze? A. I think it was probably a bit worse than now.

Q. Following those approaches and enquiries did you come to a firm conclusion about what would have to be done to get this project off the ground? 10

A. There were not so many companies in Australia at that time that were capable or would have wanted to undertake the proposition. I came to the conclusion there was no company in Australia to take the place of Stanhill or Mr. Korman in setting up the proposed company, Tasmania Iron & Steel.

Q. It was then that you started to look abroad?

A. I started to look overseas.

Q. About the same time did you form an opinion as to what was an essential pre-condition to getting, in your view, anybody interested anywhere at all, in relation to the quality of steel? A. I realised that at that stage - and I had been talking to the Japanese, of course, and to the Americans - and at that stage the titanium content was regarded as leaving the deposit hopeless and not suitable for steel making. 20

Q. In the light of that did you come to the conclusion that you should try and make some steel on an experimental scale by the Strategic Udy process? 30

A. Yes. I came to the conclusion that the thing could not be advanced until we could prove you could make steel from the titanium; that involved the Government as to whether the titanium came out in a slag or whether it didn't.

Q. Had you formed that view by about April, 1961?

A. I had formed that view and so had the Tasmanian Government.

Q. So you pursued your enquiries with Strategic Udy to arrange for some steel to be made? A. Yes. 40

Q. In the months following that up till about the end of 1961 you carried out those arrangements?

A. I beg your pardon?

Q. You made arrangements, first of all, to mine some ore and coal? A. I didn't quite --

Q. From April onwards throughout 1961 you made

various arrangements designed to enable the Strategic Udy experiment to be carried out? A. Yes, we got together 20 tons all over the mine as a sample and we also got the samples of the Tasmanian coal and they were consigned to Niagra Falls where the power plant was.

Q. And the tests were then done there while you were in America at the end of 1961? A. Yes.

Q. The costs of mining that ore and coal and transporting it and of the tests themselves were borne by whom? A. By myself or Industrial Mining. 10

Q. By the end of 1961 you had demonstrated in that way that good quality steel could be made from the Savage River ore? A. In an electric furnace.

Q. Can you tell us approximately what the expenditure was that you made, or Industrial & Mining Investigations made, in connection with mining of the ore and coal and transport and experiment of it? A. I suppose it would be in the nature of 12,000 pounds. 20

Q. Also during 1961 and up to about February of 1962 you or the company I have mentioned had done a deal of roadmaking and road improvement work on the Savage River deposits? A. Yes, the Mines Department had put a road into what is known as the central area, and that ran off a track going to Corinna, and it was in fairly level country, but it was still only a four wheel drive vehicle road. I tackled the problem of putting the road down to the northern area and up the other side. The mine drops 800 ft. to the Savage - 30

Q. To the river? A. To the river which cuts the deposit and rises 800 ft. on the other side with a grade of about one in three. You are talking of going through rain forests at that stage, and it was quite a major enterprise. I had to then build a bridge across the Savage.

Q. Also in the period March, 1961, up to February, 1962, did you commence an investigation of limestone deposits in Tasmania? A. Yes. 40

Q. Why was that? A. Limestone is used in the process of making steel. I went and examined the limestone deposits which the Government had reserved for the steel industry and then made arrangements for the Government to second to me a geologist, I think his name was Mr. Rowe, to carry

out a more detailed investigation on sampling of the limestone deposits.

Q. Who bore those expenses? A. I bore all the expenses in connection with the Savage River as and from 21st March.

Q. And the limestone investigations? A. Everything, every aspect of it.

Q. Did you do anything in relation to the coal bearing area? A. We examined them and my considered view at that time was that the coal in the coal areas was similar to coal then being produced by our coal company known as Cornwall Coal Company. I thought if you got the thing underway you would not want to start mining and putting in a coal mine. I thought the simplest thing to do was to buy up Cornwall Coal Company or get it to supply and I took no action, other than examine and going over and looking at it I took no action on the coal mine until four months ago when I started drilling. I mention it as steam coal, it is not coke and coal export. 10 20

Q. During this period, March 1961 to February 1962, Mr. Ridgway was doing a good deal of geological work for you? A. Continuously you had geological work. You had the mineral research resources doing a ground magnetometer survey, Mr. Eadies was in charge of that, and that ran on for a couple of years. The C.S.I.R.O. were doing mineographic work; and all this work was going on in different sections at the one time. 30

Q. Mr. Ridgway was doing some geological work?
A. He was in charge of the geological and the drilling which has to be sited.

Q. In that period, 26th March, 1961, to February 1962, who bore the cost of all that geological work and of Mr. Ridgway's expenses? A. I bore all costs.

HIS HONOUR: Q. Was Mr. Ridgway full time with you at that stage? A. He was full time with me.

(Luncheon adjournment.) 40

ON RESUMPTION:

MR. STAFF: Q. Towards the end of 1961 I think you made an examination of the various ways in which iron ore might be transported to the coast?
A. Yes.

Q. And you commenced investigating a prospective site for a steel plant? A. Yes.

Q. Was that in the area of Macquarie Harbour on the west coast of Tasmania? A. Yes, I went to Macquarie Harbour which was thought would be the main harbour we would use.

Q. The Tasmanian Government authorities had suggested to you? A. Yes; and I examined the harbour with all the maps and charts and we found there was a rock bar at the end of it. It was a beautiful harbour about 60 ft. deep, probably one of the biggest in the world, but this would not allow ships more than 2,500 tons to enter. You could blast it out of the rock bar but the Gordon River, a very big river, carrying the water from the south west mountains of Tasmania, runs into it, and the expense of maintaining dredges to keep it open seemed to be rather excessive to justify its use. 10

Q. I then made a survey of the Pieman River - that is a river into which the Savage River itself runs into and empties into the sea in the west coast - as to whether we could establish a port. There seemed that possibility, and I then communicated with a French company known as Leonde Ballot who are specialists in harbours and were doing a lot of work in South America, and I arranged with them to prepare a model. Of course, we wanted to find out whether if we did establish a breakwater it would scour out the Pieman River and finally lead to its blocking it; and I put that in train and I went to France to discuss it with them. But before they completed that work the concept of a pipe line had come up so it was not finished. 20 30

We also examined the other possible ports on the north coast but none of them, of course, would enable large shipping, and we were thinking in terms of large ships to come. I mention it from the point of view of steel at that stage we were not thinking in terms of 60 and 100 thousand ton ships, we were probably thinking of a much lower tonnage. 40

Q. But you were thinking of finished steel products? A. Yes.

Q. But still you wanted something more than 2,500 ton vessels? A. Probably up to 5,000, 6,000, 10,000.

Q. Did you also look at possible sites for a steel making plant? A. Yes, while down at Strahan we had a look at the possible sites for a steel mill.

At that stage I had been in touch with Kawasaki Steel, Japan, who were the only Japanese pelletisers, and they became interested and they came down to Strahan with me and we carried out tests of the sub-soil and structure to see whether the ground would hold large machinery and equipment.

Q. Did you incur various expenses in connection with these investigations? A. Yes.

Q. Both the port investigations and the site investigations? A. Yes. 10

Q. Did you or one of the defendant companies bear those expenses? A. Bore the whole cost of it, yes.

Q. You have told us about your enquiries of international and American companies towards the end of 1961 and after that. After your visit to America towards the end of 1961 I think you had come to a conclusion that the prospect of interesting anyone in a steel making plant was very limited? A. Yes. 20
There were two factors, I found. Steel companies of themselves are not internationally minded. There are only two companies in the world really that were internationally minded and that was Kaiser International and Armco Steel. I then went back to America to see Armco.

Q. You told us you had earlier seen Kaiser -
A. I am still negotiating with them.

Q. You are still negotiating with Armco. May I take it you have had various discussions with Armco in the intervening years? A. Yes. 30

Q. You also told us the other day that you had been to see Messama Transvaal Company? A. Yes. They came out to inspect about February, March -- about March of 1962.

Q. Nothing came of those discussions? A. No.

Q. You also told us of the other European companies you saw. Nothing more came of those discussions?
A. No. I saw French companies like Schneider & Cie; and Homestake and Hannah did keep on seeing me without actually retiring from the scene for sometime. 40

Q. In the meantime drilling, geological and metallurgical work was continuing? A. Continuous at all times; with the exception, of course, of rainy weather, I had to stop drilling on some occasions for two or three months.

Q. I want to come to the next period from February, 1962 through to August, 1962. I think you said it was in about March that representatives from Messama Transvaal came? A. Yes.

Q. You took them down to the Savage River?
A. Yes.

Q. They saw Mr. Symons with you? A. Yes.

Q. They spent about a week on the investigation?
A. Approximately, yes. 10

Q. Subsequent correspondence which you had from them is now no longer in your possession? A. No. They wrote to me and said they didn't want to proceed with it.

Q. I think it was in March, 1962 that Industrial and Mining Investigations Pty. Limited was registered as a foreign company in Tasmania? A. Yes.

Q. And that was for the purpose of having the licences transferred to it? A. Yes.

Q. And that was subsequently done? A. Yes. I had had it in my name. There is nothing to stop an individual holding it, but a company unless it is registered in Tasmania can not hold an exploration licence. 20

Q. In March, 1962 I think Mr. Van Range from the company Compagnie Des Ateliers et Forges de la Loire came out here? A. Yes.

Q. And discussed the possibility of participation of his company in the project? A. Yes.

Q. It was following that visit that you had a letter from the company suggesting development in successive stages? A. Three stages. 30

Q. That correspondence is in evidence. The winter of that year was very wet? A. Yes.

Q. You had a great deal of damage to roads and reconstruction was necessary? A. Yes.

Q. Again Industrial and Mining Investigations bore that expense? A. Yes.

Q. It was later in that year, 1962, that you had discussions with Cleveland Cliffs again in Tasmania?
A. Yes. 40

Q. When some of their representatives made a visit to the site? A. Yes.

Q. You also had discussions in that year in December with Mr. Driscoll of Homestake Mining?

A. Yes, Homestake Mining came back and inspected it again.

Q. On which occasion you gave them all the material, geological and technical, which you had on the project? A. Yes.

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Q. Also during 1962 did you have some inquiries from Dupont of the United States? A. Yes, Dupont approached me and got details of the Savage River, the position.

Q. Again nothing came of that? A. Nothing came of it.

Q. In about the middle of 1962 did you prepare a report which set out all the known information so far as you were aware - geological, metallurgical and geophysical - together with the results of diamond drilling beneficiation tests and the like?

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A. Yes.

Q. I show you a report entitled Savage River Iron Ore Deposits. Progress Report to 31st July, 1962. Is that the report which you compiled? A. Yes, that is the report.

Q. Does that report in your belief accurately record the information which was then available of the type which I mentioned? A. Yes.

(Savage River Iron Ore Deposits Progress Report to 31st July, 1962 tendered and marked Exhibit 59.)

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Q. What was the primary purpose of that report?

A. To show to companies who I was trying to induce to come into the Savage River, if they showed an interest in it I would give them the report.

Q. In the middle of August you applied for an extension of the exploration licence on similar terms as previously? A. In the --

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Q. In the middle part of August, 1962? A. That would be correct, yes.

Q. The letter of application is in evidence. From

that time onwards I think you supplied the report Exhibit 59 to Cleveland Cliffs? A. Yes.

Q. In the latter part of 1962? A. Yes.

Q. And that was a time when you were also in communication with Koppers International of the United States of America? A. Yes.

Q. Who were giving you technical advice about costing? A. Yes, they were doing the technical costing.

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Q. Again at the expense of you or the defendant companies? A. Yes.

Q. Mr. Driscoll of Homestake Mining was also given a copy of your report? A. Yes.

Q. And he made an inspection in November, 1962?
A. That is correct.

Q. About the same time Mr. Arms of Pickands Mather & Co. came to see you with a geologist, Mr. Kennedy?
A. That is correct.

Q. And they made some enquiries of you? A. Yes.
They went with me and inspected --

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Q. You went down to the Savage River. You took them down at your expense? A. Yes.

Q. It was from them that you obtained a good deal of information about Pelletising? A. Yes, I got a lot of information.

Q. You also heard from them about the possibility of transporting the iron powder by pipe line?
A. Yes, they informed me that in Lake Erie in Canada they were exporting for about nine or ten miles, I think.

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Q. The iron powder is carried in water, is it?
A. It is 66 percent powder and 33 percent water.

Q. Is that pumped under pressure? A. There is a fall of 1,000 feet to the Coast. It is initially pumped by pressure and then a certain amount of suction takes place.

Q. At that time, say, by the end of 1962 had you come to believe that the pipe line method was a possible method of transport? A. Yes, I did from the information I got from Pickands Mather; it was to be much longer than any other line in the

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world, but technically they thought it was possible. As a matter of fact, it was the only possibility. It became the only possibility.

Q. It was about the same time that you had some negotiations with Kawasaki Steel? A. Yes, Kawasaki sent their head man out. They became interested in establishing a pelletising industry out here. They carried on extensive discussions with me, and, in fact, came into the companies consortium -- 10

Q. That Pickands Mather ultimately organised?
A. Yes.

Q. At the same time did you have discussions with Yawata Iron and Steel Company? A. Yes.

Q. Another Japanese company? A. I went to Japan, I think, on four occasions.

Q. And you saw those companies as being possible purchasers of pellets? A. Yes.

Q. If pelletising could be organised? A. That is right. 20

Q. And if export of pellets was permitted?
A. That is correct.

Q. By early 1963 I think you were in negotiation in relation to possible pelletising and the establishment of a plant with Pickands Mather, Cleveland Cliffs and Homestake Mining? A. That is correct.

Q. In about May, 1963 some gentlemen from Pickands Mather came out again to have discussions and inspect the project? A. That is correct. 30

Q. In May, 1963 you went to Germany to discuss direct reduction of the ore with Lurgi, a German company? A. That is right. The original concept with Strategic Udy failed. They put in a plant down in Venezuela, a thousand ton, a million ton a year plant, and it didn't work so they dropped out and I had --

Q. You looked at the Lurgi process? A. Yes.

Q. About that time I think Pickands Mather proposed to you that you should give them an option over the exploration area covered by the licence? A. Yes. 40

Q. When did you have some discussions about that proposal? A. In about May, 1962.

Q. Was that before or after your trip to Germany?

A. I wouldn't be sure. I think it was before my trip to Germany.

Q. I think in those discussions the proposal which was put to you was that they should be given an option over the whole of the exploration licence?

A. Yes.

Q. The whole area of the exploration licence with a view towards investigating the feasibility of the establishment of a plant to produce 60 million tons of pellets a year? A. No, that is not quite right. The proposal put to me was two things: (a) give them an option over the whole of the area with the purpose of going into an integrated steel industry, or (b) a proposal to give them a section of the area to produce approximately 60 million tons of pellets. So they were the two joint things. For myself I didn't believe they would accept the proposal for the integrated steel industry because they were not steel people, they were producers of furnace feed. I think I wrote to them somewhere about 23rd May or somewhere about that date.

Q. Did you then go to America in the middle of June, 1963 and carried on some negotiations there -

A. Yes.

Q. - with Pickands Mather, Homestake and Cleveland Cliffs? A. Yes.

Q. Whilst there I think you granted an option to Pickands Mather on 20th June? A. That is correct. That embraced the two options, one over the whole lot and one over the 60 million tons.

Q. Would you look at Exhibit "J" (shown to witness). A. That is not the first option. The option is dated June, 1963. It was originally written or handwriting going up in the plane to inspect a mine in Toronto, and then it was reduced into writing; so it would be dated sometime in June, 1963.

Q. When was the document, Exhibit "J", which you have in your hand, executed, approximately? It is undated? A. The first option that I gave them was for a period expiring on December 31st, 1965. And prior to the expiration of that option I entered into another option extending the period until December, 1965.

HIS HONOUR: Q. You said the first one was December, 1965? A. 1964. December, 1964 was the first one.

From June, 1963 to December, 1964. Then the option was amended and extended to December, 1965. And then it was again amended and extended to December, 1966. Prior to the run out of the option period in 1966 the option was exercised somewhere about October/November, 1966.

Q. Is that the agreement you have in front of you?

A. This agreement is the one expiring -- there are so many alterations by way of letter that -- this is the final option, that expired in December, 1966. Section 3 page 3 is the relevant part. 10

MR. STAFF: Q. Would you look at copy letters dated 20th June, 1963. (Two letters shown to witness.) Would you look through those and tell me if they record the agreement you made in June, 1963?

A. Yes.

Q. Do they record the agreement you made then?

A. Yes.

(Agreements contained in two letters dated 20th June, 1963 from Pickands Mather and Co. to Mr. Hudson tendered and marked Exhibit 60.) 20

(Two copy letters dated 5th September, 1963 between the same parties tendered and marked Exhibit 61.)

(Two further letters of agreement dated 5th September, 1963 tendered and marked Exhibit 61.)

(Letter dated 29th January, 1964, Industrial and Mining Investigations to Pickands Mather marked Exhibit 62.) 30

MR. STAFF: Q. Would you look at the agreement dated 24th October, 1972, between Industrial & Mining Investigations Pty. Limited and Pickands Mather International; was that an agreement which was made on the date that it bears, in fact superseding the earlier arrangements? A. Yes, that is the agreement extending the options to September, 1965, which embodied all the letters of agreement as redrawn.

(Agreement of 24th October, 1964, between Industrial and Mining Investigations Pty. Limited and Pickands Mather & Company International and Pickands Mather & Company tendered and marked Exhibit 63.) 40

MR. STAFF: Q. I think Exhibit "J" which is before you was then executed in 1965 to replace the last

exhibit, was it not? A. It extended the term to 1966 and replaced the agreement.

Q. And it was to be effective from October, 1964?

A. Effective from October, 1964.

Q. (Shown Exhibit "K" dated 19th November, 1965.) I think that then amended further the pre-existing agreements or agreement, whichever it is? A. The position was that the agreement of 1964 was again amended by letters dated 15th March, 1965, and 19th March, 1965, and then this agreement was prepared.

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Q. I think it followed Exhibit "J"? A. That is "K".

Q. "J". first and "K", I suggest to you? A. "K" was executed before "J".

Q. I am sorry, the one bearing date of November was executed before "J"? A. Yes, November, 1965, and the other agreement takes it to -

Q. I think there is no date on the other? A. It is effective as from October 24, 1964, but it takes the option to December, 1966.

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Q. It is your belief that Exhibit "K" was executed before Exhibit "J"? A. Yes.

Q. Would you just look finally at a letter dated 21st July from Pickands Mather to Industrial & Mining Investigations and tell me whether that was received about that date - 1966? A. Yes.

(Letter dated 21st July, 1966, tendered and marked Exhibit 64.)

Q. In June, 1963, you granted the option, you made the agreement, which is incorporated in Exhibit 6 - two letters then exchanged - did you have any belief or contemplation of the existence of any claim on the part of the plaintiff or anyone else of any interest in the Savage River exploration licenses? A. No.

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Q. Inconsistent to that of you yourself or the defendant companies? A. No.

Q. And at the time when you executed or made any of the subsequent agreements which have just been referred to in your evidence, did you have any such belief or contemplation of the existence of such a claim? A. No.

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Q. Under those agreements there were various obligations imposed upon you or the defendant companies, or one or other of them, were there not? A. Yes.

Q. Did the companies and you, insofar as any of you had such obligations, thereafter carry out those obligations? A. Yes.

Q. And in so doing, did you and the companies expend moneys for that purpose? A. Yes.

Q. Of a substantial sum? A. Pickands Mather at the time of the agreement of June, 1963, I had expended £150,000. 10

Q. You or the company? A. Me or the company and the arrangements with Pickands Mather was that they had to spend that amount of money during the term of the option or refund to me the difference between what they spent and what they did not. I did not get any refund and actually Pickands Mather spent £2½-million on the further examination of the central section and doing the engineering et cetera, to bring about the present operation down there, but when I entered into the agreement with Pickands Mather, I did not believe that they would exercise the option in respect of the whole of the deposit and were prepared to go into an integrated steel industry and I made an arrangement with them whereby they had to pay my expenses of drilling the balance of the area to an extent of £30,000 a year. That did not cover that, my actual out-of-pocket expenses on drilling et cetera, and by that means I retained control of the development in case they dropped out at any time and that continued right up till the time when the option was exercised so that I received from them an amount of £30,000 per annum to carry on the development of the other part of the lease until the option was exercised and I took over the expense of carrying on. 20 30

Q. The option was exercised when? A. Was exercised in round about October, 1966.

Q. Your recollection is October, 1966? A. I am not sure. My recollection is October. It would be before December 31st, 1966. I think it was in October because that saved them paying some added money. 40

Q. What you have been saying is between the grant of the option in June, 1963, and the exercise of it in 1966 Pickands Mather provided something in the order of £30,000 a year? A. Yes.

Q. Towards the costs of drilling the balance of the area? A. The work I was doing and the development, I had to present the actual expenditure to them and they paid the expenditure up to that limit.

Q. And that was in respect of work done on the area outside the central area? A. That is correct, there were five areas in the old deposit and they had the central area.

Q. The central area was the one which, if the option was exercised only in respect of pelletising - 10
A. So I would know the area at the time to produce 60-million tons of pellets.

Q. And the balance of which you have been speaking is the whole of the area other than that central area? A. That is right, yes.

Q. And from the time the option was exercised, you or your companies have carried on development work? A. And are still carrying on.

Q. And you have borne the costs of that work? 20
A. Yes, I have borne the total cost.

Q. And what has been the object of that development? A. To still carry out the plan of establishing a steel industry.

Q. And I think you told us the other day, it is only recently that drilling and exploration had ceased in that area? A. It ceased about four months ago because the Mines Department agree with me that I had done sufficient really on the area. I have actually drilled 58 holes altogether. 30

Q. Would you look at the summary sheet of expenditure? (Shown) Does that record to the best of your belief the expenditure by you and the two companies just mentioned at the top of the sheet in the various periods indicated on the Savage River ore deposits? A. Yes.

Q. I think you have not personally prepared the summary but it was done under your direction?
A. Yes.

Q. And from your records and those of the companies? 40
A. Yes, there is a note at the bottom of the reimbursements. Yes, the total is, I think, about 1. - may I have a look at it again please? I had a feeling it was greater.

Q. You are satisfied? A. No, I thought I had spent 1.3 million to-date but that says 1.13.

(Summary of expenditure by the defendant on Tasmanian iron ore to the 30th June, 1974, tendered and marked Exhibit 65.)

Q. Would you look at the letter from Pickands Mather dated 30th May, 1966 to your company, is that the notice of exercise of option? A. That is the notice of exercise of option.

10

Q. That you were referring to earlier? A. I was referring to it being later, in October but in fact it was in May, yes.

(Letter dated 30th May 1966, Pickands Mather and Company International exercising the option tendered and marked Exhibit 66.)

Q. By the time the options were made in respect of the central area, Pickands Mather more or less continuously carried out the work they agreed to do did they? A. Yes, they carried out the work that they agreed, to the expense that was agreed. They expended 150,000 during the first term option and then the expenditure increased and they went along till they exercised the final option.

20

Q. And you worked on the balance of the area?

A. Yes, I was working on the northern area, the other side of the Savage River.

Q. Since 1966 when the option was exercised, the pelletising plant has been established, has it?

A. The plant came into operation in 1968.

30

Q. And you told us this morning at a cost, in all, of 87-million? A. Yes, 87-million.

Q. And as you said earlier, you have continued to explore and drill the balance of the area. Beyond exploration and drilling in respect of the balance of the area, have you had negotiations and discussions with people with a view to establishing a steel industry? A. Yes.

Q. And have you had discussions of a very considerable extent with people in Europe and Japan?

40

A. Yes, I have but I should say this - it is entirely dependant upon a direct method of reduction and of all those that were in existence in the early stages, and I am talking when I first took up the option, there is no direct reduction process based on coal that at the present time has satisfactorily

worked. The New Zealand steel has overcome this problem now after a major loss in the first few years and there is one in South America that might overcome its problems which we are presently investigating.

Q. And you have, over the last ten years, been involved in quite a lot of travelling? A. A considerable amount of travelling.

Q. In connection with investigation of direct reduction processes? A. Yes I have an expert, I have employed experts and I have an expert employed by me who carries out negotiations and watches all the new processes. 10

Q. And the cost involved in that, you have borne or your company has borne? A. Yes, we also carried out through the Battelle Institute in America detailed feasibilities as to the cost of all kinds of processing and they were undertaken in one report early and then another report was finished last year, about four months ago, in which it said there is a possibility that by the end of this year a satisfactory method of direct reduction based on coal might be available. 20

Q. Would you look at the report from the Battelle Memorial Institute which I show you. Is that the report just mentioned? A. Yes, that is the report done in 1968 by the Battelle Institute.

Q. Who bore the cost of the preparation of that report? A. I did.

Q. When you say you did? A. One of the companies, I think the cost was some \$80,000. 30

(Report by the Battelle Memorial Institute of November 30, 1968, tendered and marked Exhibit 67.)

Q. And when you commissioned preparation of the report, Exhibit 67, did you have any knowledge or belief in or contemplation of a claim being made by the plaintiff? A. No.

Q. In respect of an interest in the deposits? A. No. 40

Q. You have been Managing Director of the two defendant companies over the years? A. Until this year.

Q. And in that capacity also, you had no notice of any claim by the plaintiff? A. No.

Q. Or anyone else on behalf of those companies?
A. No.

Q. I show you a report by the Strategic Udy Corporation dated 14th December, 1961? A. Yes, that is the report of the smelting testing.

(Strategic Udy report dated 14th December, 1961, tendered and marked Exhibit 68.)

10

Q. This was in June the preliminary report from Mr. J.R. Miller the United States Consultant in connection with coal based direct reduction processes in Tasmania with Savage River ores? A. That's correct.

Q. You commissioned that report before the date of the - A. I commissioned it four or five months before approximately.

Q. Will you look at the report I show you? A. Yes.

Q. That is the report. Did you take the view that it was necessary to continue to get that report in your continuing efforts to develop the balance of those Savage River deposits? A. Yes, bringing the technical work up-to-date and costing up-to-date.

20

Q. And what was the cost of that report so far, approximately? A. Oh, about 16,000.

(Report admitted without objection and marked Exhibit 69.)

Q. Now Mr. Hudson, would you look at the drilling accounts from Associated Diamond Drillers which I show you commencing at 20th March, 1962, and running through to 22nd July, 1964. Are they the accounts which were received for drilling from that company? A. Yes, these are not the drilling reports.

30

HIS HONOUR: Q. But these are accounts? A. These are drilling accounts.

MR. STAFF: I do not know whether my learned friend might agree that the accounts between those two dates were rendered in the name of Industrial & Mining Investigations. If he looks at them and will do so, it will save the paper. (Accounts shown to Mr. Hughes.)

40

MR. HUGHES: Your Honour, it seems that if this is

a consecutive run of accounts, all the accounts from Associated Diamond Drillers from 20th March 1962 to 22nd July, 1964 were rendered to Industrial Mining Investigations Pty. Limited. Perhaps my friend will trade that admission with an admission that up to 8th March, 1962, A.D.D.'s accounts were rendered to Queensland Mines.

MR. STAFF: I think that is right. I agree with that. Your Honour, I will not tender them in the light of these agreed facts. 10

MR. HUGHES: Perhaps it could be noted it is agreed between the parties that until 8th March, 1962, Associated Diamond Drillers Pty. Limited rendered accounts for drilling to Queensland Mines Limited, and that thereafter from 20th March, 1962, and up to 22nd July, 1964 accounts for drilling were rendered to Industrial and Mining Investigations Pty. Limited.

HIS HONOUR: I think it had been noted, your previous conversation. 20

MR. STAFF: If I might get some agreement also about another factor - (discussion between Mr. Staff and Mr. Hughes),

MR. HUGHES: I am quite certain if we can have a look at these we can reach an agreement. If the documents speak for themselves they will not clutter up the record but my junior will look at this while my learned friend goes on, if that is convenient. 30

MR. STAFF: Then, your Honour, I might tender a deed made 15th October, 1964 between Industrial and Mining Investigations and Savage Iron Investments and Dubar Trading Company.

MR. HUGHES: I object to that on the basis that in the defence no defence is set out based upon this document.

HIS HONOUR: I do not think I have got the amended defence. Has it been filed?

MR. STAFF: I thought it would have been. I am told now it has not been filed. 40

MR. HUGHES: Perhaps it could go in subject to that objection and could be argued later.

MR. STAFF: We particularised it in particulars of

some of the defences, the laches and one of the other defences.

MR. HUGHES: May it go in subject to my objection and we can argue it later? The execution of the deed is not in dispute.

HIS HONOUR: But you are relying on it as something beyond laches and acquiescence?

MR. STAFF: We are relying on it in a number of ways. We are relying on it as going to laches. We are relying on it on, I think, the defence under clause 12, that is abandonment of any claim or any interest. We rely on it also - not this document but the earlier transaction - as part of the knowledge of the company, the existence of the claim. We would rely on it as a bar to any relief to the plaintiff whether by way of release - whether one really treats it as release, but I suppose while there was an outstanding interest in favour of Dubar, it might have been said that the plaintiff would sue as trustee for Dubar. But when the beneficial interest if any is in the defendants, we submit that there is simply a bar because of the rules against security of action and the like.

MR. HUGHES: This has not been pleaded and of course this is a deed executed on the second day of the hearing of the proceedings, and in my submission the most convenient course may be to allow it to go in subject to objection, but it be noted there is no defence of release on the pleadings as they stand, even in their prolific amended form. The point may go to costs.

HIS HONOUR: I will admit it on that basis.

(Deed admitted and marked Exhibit 70.)

MR. STAFF: Q. Mr. Hudson, the expenditures you made, you told us the other day, came out of in part the E.R. Hudson imprest account with the Commonwealth Trading Bank at George and Market Streets, Sydney, is that right? A. Yes.

Q. That was an account which you told us last week was to some extent put in funds by Dubar Trading Pty. Limited under the original Dubar agreement? A. Yes, to the extent of 15,000.

Q. Now after your arrangements with Dubar went off, you used for the source of some of the expenditure an account styled Ernest Roy Hudson, Working Account, with the Commonwealth Trading Bank,

George and Market Street, Sydney? A. That is correct.

Q. And various payments were made out of that account? A. That is correct.

Q. In relation to expenses at the Savage River, and it was fed by moneys of your own? A. I beg your pardon?

Q. It was fed by moneys of your own? A. That is correct, sir.

10

Q. And other expenses from time to time were paid by the defendant companies out of their own bank accounts? A. Yes.

Q. At the relevant time, and some expenses were paid I think from an account styled the Burnie Trust Account? A. Yes.

Q. Do you remember that? A. Yes.

Q. Was that an account opened by Mr. Ridgway in July of 1961? A. Yes.

Q. And it was opened in Tasmania, in Burnie in Tasmania? A. That is correct.

20

Q. I think you made three deposits to that account in 1961 from your own Imprest Account? A. That is correct.

Q. Payments out of that were mainly travelling and accommodation expenses for Mr. Ridgway?
A. Correct.

Q. In Tasmania? A. Correct.

Q. It was established for his convenience while he was working in Tasmania? A. Yes.

30

Q. And he made the drawings? A. That is correct.

Q. The moneys that went into that account were your moneys, were they? A. They were my moneys, yes, in the sense, Mr. Staff, that I reimbursed Dubar of course.

Q. The money to the imprest account? A. That is right.

Q. Came mostly from Dubar? A. Yes.

Q. To you; you paid it out and later you reimbursed Dubar for 12,000? A. Yes.

Q. Now you told us the other day that you had made an arrangement with Mr. Korman to work as an adviser to him at a salary? A. That is correct.

Q. Did you ever receive payment of that salary, Mr. Hudson? A. No.

Q. How did that come about? A. Well, I didn't receive payment as Managing Director for Queensland Mines. 10

HIS HONOUR: Q. You did not? A. No, as and after July. I think I received July and August.

MR. STAFF: Q. Of what year? A. 1961; 1960, 1960. September, October, November I think I received somewhere in 1962. January, February to 15th March when my services were terminated, I finally got paid in '64.

Q. What did that have to do with Mr. Korman's salary? A. I didn't push my payment of salaries. I didn't have to, and I just let it ride until a certain time it became useless. 20

Q. Just one matter I am not sure whether I asked you previously. Mr. Ridgway worked for you after 21st March, 1961, in an extensive capacity? A. Yes.

Q. And did you or one of your companies pay his salary, expenses and fees from that time on? A. That is right, he remained with me until he died.

Q. He died when, Mr. Hudson? A. About '68, '69.

Q. Would you look at the summary of payments made to Mr. Ridgway or on his account and tell me whether it is your belief that is an accurate summary and whether in the right-hand column, it shows the source from which the payment was made? A. I don't think they represent in toto the total amount paid to Mr. Ridgway, but of those accounts shown in the statement as paid to Mr. Ridgway, they are the source of funds. 30

Q. You think there may be some more? A. I think I paid some more, yes. The source of payment would be identical with the sources there. 40

HIS HONOUR: This document appears as though it is meant to continue on a second page. There is only one there.

MR. STAFF: The second page contains some notes which I thought it better to leave out of the tender.

(Summary of payments to Mr. Ridgway to 27th June, 1962, admitted without objection and marked Exhibit 71.)

MR. STAFF: Q. Mr. Hudson, I want to ask you about a subject matter which I might describe as within the knowledge of directors of interested companies in the relevant periods? A. Yes.

10

Q. The first period I want to go to is January 15th, 1959 to February 13th, 1962. At that time the directors of Queensland Mines were Mr. Redpath, Mr. David Korman and yourself, is that right?

A. That is correct.

Q. And you were representing, as it were, A.O.E. on the Board and the other two were representatives of Factors? A. That is correct.

Q. Mr. Redpath I think was a director of Factors also? A. Yes.

20

Q. And was also Managing Director of Stanhill Corporation? A. Consolidated.

Q. I am sorry, Stanhill Consolidated. Mr. David Korman I think was also at any rate for part of the period a director of Stanhill Consolidated? A. He was a director of Factors and I think for part of the period was a director of Stanhill Consolidated. He was the son of Stanley Korman.

Q. You have told us that mostly when you discussed matters with Mr. Stanley Korman, I think Mr. David Korman was present? A. That is correct.

30

Q. And that applies, does it, to your discussions with Mr. Stanley Korman about the Savage River as well as the other matters relating to a steel industry or the establishment of it that you have told us about in evidence? A. Yes.

Q. And Mr. Redpath was present at some of these conversations at least? A. Yes, Mr. Redpath was not there at all times.

Q. And at this point of time, 14 years later or thereabouts, you are not able to say at what conversations he was present or not? A. No, I am not able to say.

40

Q. That is in general terms. I think you have

given evidence of particular instances? A. Yes, in general terms I can't.

Q. Now you recall giving some evidence about a conversation with Mr. Stanley Korman in which he said he would not go on or could not go on with the Tasmanian steel industry proposal? A. That is correct.

Q. And that I think was in March, you said, of 1961? A. 8th March.

Q. Do you recall whether Mr. Korman, Mr. David Korman or Mr. Redpath were present at that conversation? A. I know David Korman was present. 10

Q. What about Mr. Redpath? A. I'm not sure at this point of time. I think he was but I would not like to swear that.

Q. Do you recall a meeting of Queensland Mines being held late in April of 1961 which discussed the sale of various assets of Queensland Mines? A. Yes.

MR. HUGHES: Meeting of Directors?

MR. STAFF: Meeting of Directors. 20

WITNESS: 27th April I think.

MR. STAFF: Q. 27th April? A. Or thereabouts.

Q. And one of the items of property or some of the items of property that were under discussion were Land Rovers and a jeep? A. That is correct.

Q. Do you recall who was present at that meeting, Mr. Hudson? A. Mr. David Korman, Mr. Redpath, Mr. Phillips.

Q. Was there some discussion there about the Tasmanian Savage River deposits? A. Yes. 30

Q. And your interest in it? (Objection to leading.) A. When it came to the question of the sale of the jeeps, I asked the other directors could I purchase one of the jeeps for use in the Savage River at the cost which had been - which it was going to be put up for sale, and they said they saw no reason why I should not. I then purchased one of the jeeps. It was delivered to A.O.E.'s office in Surfer's Paradise, and I sent to Queensland Mines my cheque for £350 during May. 40

Q. Now what cheque was that Mr. Hudson? A. That cheque would be drawn from either my working account

or from Industrial Mining account. No, I'm sorry. Can I correct that? I think the cheque was drawn from the imprest account.

MR. HUGHES: Which imprest account?

MR. STAFF: Which imprest account? We have heard about a number? A. That was the imprest account I had relative to Dubar.

Q. What we call the E.R. Hudson Imprest Account?

A. Imprest account, yes.

10

Q. Anyway, the cheque was not a Queensland Mines cheque? A. No, no.

Q. When you asked whether you might buy the jeep, did you indicate in what capacity you were making that request? A. I said I wanted to buy a jeep for use in the Savage River and after the meeting Mr. Redpath asked me how I was getting on about the matter. David Korman was present and I told him the then position, that I was trying to carry on to get someone to replace Stanhill and that I had entered into an arrangement with Dubar to assist in the finance. I told him roughly what was transpiring down there. I told him that I was drilling and I was continuing with the drilling, that the Government had allowed me to carry on the licence for the purpose of trying to get the company originally envisaged formed, that I did not have any luck about that but I was spending a bit of money on drilling myself.

20

Q. Did you indicate whether - (objection to leading).

30

Q. Did you indicate in what capacity you were doing what you said you were doing? A. I beg your pardon?

Q. Did you indicate in what capacity you said you were doing what you had told them you were doing?

A. Well, I was doing it on my own behalf.

Q. And did you say that to them? A. Of course -

Q. You were Managing Director of Queensland Mines?

A. At that stage, but he knew also the position in regard to Stanhill Consolidated and its retirement. He was the Managing Director of Stanhill Consolidated.

40

Q. And the jeep you asked to purchase was the property of Queensland Mines? A. The jeep which was purchased was the property of Queensland Mines.

Q. Now between that time and April of 1962 do you

recall having a number of conversations with Mr. Redpath about the Savage River deposits? A. I recall having three conversations. I can only recall - I recall meeting Mr. Redpath on three occasions. I only recall having conversations with reference to the Savage River on two occasions.

Q. Can you tell us which was the first of those occasions and what the conversation was? A. Well, it was a few months after the meeting of Queensland Mines of 27th April I met him by chance at the Melbourne Airport and he said to me, "Roy, how are you going?" and I said I wasn't being too successful in interesting anyone in the deposit. I was still carrying on with it and doing the best I could. 10

Q. Was that conversation before or after Mr. Redpath's resignation from the Board of Queensland Mines? A. Oh, that was before.

Q. Now the second occasion you spoke of, when was that? A. I met him at Surfer's Paradise in or about December. Well, it was in December. It was early January, 1962. I was there on holidays and he was up there and we again met and the conversation was, "Roy, how are you going on the Savage?" and I told him I was still having problems. I told him I had been over to get some metallurgical tests done and I hoped that this would alter the position. 20

Q. Did he say anything? A. He just said, "Best of luck", words to that effect.

Q. We come to the next period then from about 13th February, 1962, to April of 1963, and we know during that period you Mr. David Korman and Mr. Gladstones were - A. Can I get those dates again? 30

Q. 13th February, 1962? A. Could I have a bit of paper? (Witness provided with sheet of paper.) What are the dates you are referring to, Mr. Staff?

Q. 13th February, 1962, to 17th April, 1963?
A. Yes.

Q. I remind you that on 13th February, 1962, Mr. Redpath resigned and Mr. Gladstones was appointed to the Board of Queensland Mines? A. That is correct. 40

Q. Do you remember? Now during the ensuing 14 months I think you attended the meeting of Queensland Mines Limited on 13th February? A. That is right.

Q. 1962; and you have given your evidence about what happened at that meeting? A. Yes, I have already given evidence about that.

Q. The three then directors were present at that point, at that time? A. Yes, Mr. Gladstones, Mr. David Korman and myself and the secretary, Mr. Phillips.

Q. Mr. Gladstones at that time to your knowledge was also a director and the chairman of Factors Limited? A. Yes. 10

Q. But he continued to hold that position for some time. Until his death, do you recall? A. No, no, no. I am sure he didn't. I think that - I'm not sure but the general impression I have is that he would probably retire within a year or so. I'm not sure but I wouldn't like to -

Q. To your recollection at any director's meeting of Queensland Mines Limited whilst Mr. Gladstones was a director and at which you were present, was there any discussion about the sale of any interest which Queensland Mines might have had in the Savage River proposals to Dubar Trading Pty. Limited? A. No. 20

Q. Until you received the letter from Dubar Trading Pty. Limited which you gave evidence about last week, had you heard of a proposed sale of any interest of Queensland Mines in the Savage River proposals to Dubar? A. No, the first knowledge I had of it was when I received the letter from Dubar enclosing and attaching the receipt. 30

Q. Thereafter did you have any discussion with Mr. Gladstones or Mr. David Korman about that matter? A. No.

Q. Now at any time after 13th February, 1962, and up to April of 1963, did Mr. Gladstones or Mr. Korman make any suggestion to you of any claim adverse to you in the Savage River exploration licence? A. No.

Q. Did they say anything to you about the Savage River? A. No, other than Mr. Korman. 40

Q. Which Mr. Korman? A. Mr. Stanley Korman.

Q. I was asking you about David Korman? A. No, I can't recollect. After that meeting of 27th April in 1962, I can't recollect ever meeting David Korman again.

Q. I think you just referred to a meeting of 27th April, 1962. I suggest to you that is an error of a year? A. Could you repeat that, Mr. Staff?

Q. You mentioned a meeting a moment ago, after the meeting of 27th April, 1962, I think you said?
A. Yes.

Q. You don't remember meeting Mr. David Korman?
A. Excepting on 13th February.

Q. What I wanted to suggest to you is when you said "meeting of 27th April 1962" you mean 1961? 10
A. '61, I'm sorry. After the meeting of April, 1961 and the meeting of February -

Q. 1962? A. 1962, I do not recall having met Mr. David Korman although I could have.

HIS HONOUR: Q. Do you mean ever again? A. I beg your pardon?

Q. Do you mean you did not meet him ever again?
A. I mean ever again.

MR. STAFF: Q. Mr. Hudson, on folio Q27 of the minute book of Queensland Mines which is Exhibit "E3", there is a minute which records that you were present with Mr. Gladstones and Mr. Korman, Mr. Stanley Korman and the Secretary also in attendance. Do you recall attending such a meeting? A. No, I didn't. 20

Q. I suggest to you it was a meeting at which apparently the resignation of Mr. Gladstones as Chairman and Director was accepted and Mr. Stanley Korman was appointed a Director and Chairman? 30
A. I was not present at that meeting. I realised the minute said I was, but I am quite sure.

Q. Can I take you then to the period from 17th April, 1963, to 22nd May, 1964? A. 17th April, 1963 to - ?

Q. 22nd May, 1964. During that period I suggest to you the directors of the company were apparently Mr. Stanley Korman, Mr. David Korman and yourself?
A. Yes.

HIS HONOUR: Would you give me that period again? 40

MR. STAFF: 17th April, 1963 to 22nd May, 1964.

Q. You have just told us now that you were not

present at the meeting at which Mr. Korman was appointed? A. No.

Q. Mr. Stanley Korman of course had had the discussions of which you have given evidence?

A. That is correct.

Q. And knew what part you had played in relation to the Tasmanian Savage River deposits? A. Yes, I met him after those.

HIS HONOUR: These are rather curious minutes of 10
17th April, 1963, in that they purport to record that Mr. Gladstones resigns as Chairman and as Director. Nevertheless, he signs the confirmation of the minutes.

MR. STAFF: On the same date.

HIS HONOUR: Presumably after the meeting and after he had resigned.

MR. STAFF: Presumably yes. It seems odd.

Q. Anyway, at any time from the date of that meeting, 17th April, 1963, during the period Mr. Stanley Korman and Mr. David Korman were directors with you, was any claim made by them or anyone else on behalf of Queensland Mines to you or to your companies that Queensland Mines Limited had an interest in the Savage River? A. No, no claim at all. As a matter of fact I took part in negotiations with Mr. Stanley Korman for the purchase of Factors shares. 20

Q. By? A. Kathleen Investments.

Q. You have mentioned these discussions and negotiations. What have they to do with the - ? 30

A. I beg your pardon?

Q. What did you mean to convey by that reference, Mr. Hudson? A. Well, there were discussions. Kathleen Investments were going to buy Factors shares, as a result of which I saw Mr. Korman on three or four occasions during the term of negotiations when finally a price was fixed at which Kathleen Investments purchased the shares of Factors. I am not sure but I think the purchase was completed in 1964. He did produce a statement of the assets and liabilities of Queensland Mines but at no stage did Mr. Korman ever suggest to me that there was any claim by Queensland Mines in respect of the Savage River. I had seen Mr. Korman on three or four occasions of course both at airports and other 40

places, and particularly I saw him in New York in September of 1961, and at no stage there was a suggestion of a claim against Queensland Mines. As a matter of fact the conversations were rather the other way. He asked me whether I would join a special committee to assist him.

HIS HONOUR: Q. I think you said "no suggestion of a claim against Queensland Mines". You mean by Queensland Mines? A. By Queensland Mines I think. 10

MR. STAFF: Q. During the period Mr. Stanley Korman was a director of Queensland Mines, did the negotiations or some of the negotiations in relation to the proposed sale by Factors of the Queensland Mines shares to Kathleen Investments take place? A. Yes.

Q. Did you say to us a moment or two ago that there was discussion or was a statement of assets and liabilities drawn up? A. Yes.

Q. For the purpose of that negotiation? A. Yes. 20

Q. And no asset arising out of a claim to or an interest in the Savage River was included? A. No.

Q. And nothing said about it in the negotiations?
A. Nothing was said about it. The negotiations took place mainly between Sir John Northcott, myself and Mr. Stanley Korman and at no time was any suggestion raised.

Q. Again during this period 17th April, 1963 to 22nd May, 1964 no suggestion of a claim by Queensland Mines against you in respect of the Savage River interests was made by David Korman? A. No. 30

HIS HONOUR: Q. This was actually, if I recollect properly, the third occasion on which there had been negotiations about the sale of Factors' interest?
A. Yes, this was the third occasion.

Q. Had statements been drawn up on the other occasions and similar discussions held on the other occasions? A. Yes, there was no discussion of any interest of Queensland Mines in the Savage River.

Q. On any of the three? A. On any of the three. 40
Of course the first occasion was October, 1960, which was prior to the lease being granted to Queensland Mines - being granted to myself on behalf of Stanhill.

Q. But it was after? A. But the next October, November -

Q. But it was after investigations had been carried out, and so on. A. After investigations had been carried out, yes.

MR. HUGHES: I thought the witness said the other day that the first investigation was October, 1959.

WITNESS: October, 1959 was the first.

MR. HUGHES: And then October, 1960 or the end of 1960.

10

WITNESS: October, 1959, then October, 1960 and then these present negotiations we are talking about now.

HIS HONOUR: Q. In 1959 the position was that you had been carrying out investigations about a steel industry but not about the Savage River? A. Not about the Savage River, sir.

Q. But in any event on no occasion was there any reference to interest in iron ore investigations or exploitation? A. No, sir.

MR. STAFF: Q. Now in the period we have been speaking of, Mr. Hudson, there is a minute Q28 in the minute book of a meeting held on 12th May when you are said to be present parenthetically by telephone. Do you remember such an occasion? A. No, could I have a look at the minute perhaps and refresh my memory? It is very difficult. I mean I was present by telephone. (Witness shown minute.) I was not present at the meeting.

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Q. Do you recollect a telephone call being made about that meeting? A. I don't recollect it but it could have been, could have been.

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Q. I think amongst the business recorded is the execution of the sale agreement for Queensland Mines shares to Kathleen Investments by Factors?
A. That is right, yes.

Q. Anyway, you don't recollect - ? A. I have no recollection. But still, to try and remember a 'phone call those years back would be very difficult, Mr. Staff, to say yes or nay, but I have no recollection of it.

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E.R. Hudson, x

MR. STAFF: I wanted to take Mr. Hudson to the next period. Perhaps it is a convenient place to stop.

(Witness stood down.)

(Further hearing adjourned to 10 a.m. on Tuesday, 22nd October, 1974.)