

HD Citic Pacific loses lawsuit against Mineralogy over port operatorship

BY Sheharyar Khan

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The Federal Court of Australia has ruled in favor of Mineralogy Pty. Ltd. — dismissing a lawsuit from CITIC Pacific Ltd. aimed at preventing Mineralogy from operating the Port of Cape Preston in Western Australia.

According to a Feb. 6 copy of the judgment, Citic Pacific was unable to prove that a government agent made an error in designating Mineralogy as the operator of the port or that the designation was a breach of the rules of natural justice.

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The Federal Court said that Citic Pacific did not have "a right to veto, or urge against, the designation of a person as a port operator merely because those parties had a dispute or were, or one was, not prepared to cooperate with the other. Those matters did not bear on Mineralogy's ability to undertake the function of port operator."

Citic Pacific said that the ruling did not affect its **operations**. Bloomberg News reported Feb. 6. According to the report, the outcome of the dispute would determine the way forward for **Chinese** investments in Australia.

Both parties entered a dispute after Mineralogy, owned by Australian politician Clive Palmer, was denied A\$193.3 **million** in royalty payments for the 2012 to 2013 period from the Sino-**Iron** magnetite project in the Pilbara region of Western Australia. The royalty payments included a component linked to commodity prices of **iron ore** which CITIC Pacific alleged could not be measured owing to the absence of prevailing **iron ore** prices.

Following **acquisition** and commencing development of the A\$8 **billion** Sino-**Iron** project, CITIC Pacific constructed the Cape Preston port. Australia's Federal Office of Transport Security then appointed Mineralogy to oversee security. However, CITIC demanded that the Australian government justify the decision.

Mineralogy owns the land where the port is located and sold CITIC the right to mine magnetite deposits in the Pilbara. CITIC is concerned that Mineralogy will undermine its **operations**.

"Any claim that we haven't paid our fair share in accordance with agreements is just plain rubbish," CITIC Pacific President Zhang Jijing said Feb. 6, according to a Reuters report.

In response, Mineralogy replied: "The proposition is CITIC wants to come here and suggest the main consideration can't be calculated, yet they still want to take our resources back to **China** without paying for them. In our opinion this is tantamount to stealing, and most Australians would be in agreement."

CO skfdev : CITIC Pacific Limited

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