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HD Palmer backs down on appeals against Citic

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LP Clive Palmer has had more setbacks in his ongoing battles with estranged Chinese business partner Citic, with the federal MP's private company quietly backing down from two court appeals.

Mr Palmer has been resisting orders to hand over key environmental approvals relating to Citic's \$12 billion Sino Iron project in Western Australia but has now withdrawn two appeals aimed at overturning those demands.

TD His private company, Mineralogy, has also agreed to cover at least part of the costs incurred by Citic and the state of Western Australia in preparing their cases for the appeals.

The backdowns came as Mr Palmer again hit Citic with a notice ordering it to vacate the Sino Iron project.

Mineralogy has issued Citic with dozens of similar notices over recent years.

The appeals had been due to be heard in the WA Supreme Court today and tomorrow. Had Mr Palmer's appeals been successful, Mineralogy could have theoretically had the power to shut down the Sino Iron project. One of the disputed permits was a desalination licence, which is critical for sourcing the water Citic needs to keep its processing facilities in operation.

Mr Palmer's decision not to push ahead with the appeals come amid questions about the financial health of the MP's business interests.

Mr Palmer's Queensland Nickel refinery north of Townsville is being squeezed by low nickel prices, with Mineralogy reportedly having discussions with the Queensland government over possible financial assistance for the operation.

The MP's Palmer Cooloom resort had been suffering from declining visitor numbers before it was closed in March for renovations to its accommodation and conference facilities.

While Mineralogy had been receiving some royalties from Citic's iron ore production at Sino Iron, the bulk of the potential payable royalties from the project are tied up in an ongoing dispute between the two groups.

Yesterday, Mr Palmer's nephew and Mineralogy chairman Clive Mensink said in a statement that Citic had 60 days to vacate the project over its failure to pay the disputed royalties.

"They have deliberately abused the Australian court system in an attempt to take the benefits of the contract without paying royalties," Mr Mensink said.

"It is an abuse of legal process and legal equity as well as being harmful to Australian/Chinese business relationships." A spokesman for Citic said Mineralogy knew that the disputed royalties were still to be considered by the WA Supreme Court.

"Mineralogy has a long history of making threats against the project — all have failed," the spokesman said.

"On this occasion, we note Mineralogy has not even sought an order from the court. We don't expect operations will be affected by this latest empty threat." Back in August, Mineralogy suffered a resounding defeat in its bid to have Citic kicked out of the port at the Sino Iron project, with the Federal Court finding that Mineralogy's case failed for a "litany of reasons".

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