

HATCH

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ISO 9001-94

14 September 2001.

Mr J Didea
Southern Cross Steel Industry Pty Ltd
34/36 Holroyd Road
Merrylands NSW 2160

Dear Mr Didea:

Re: French Guyana

Thank you for your consideration of Hatch, related to the French Guyana developments based on processes as described in the patent "Improved Method of Disposal and Recycling of Scrap Metal from Sea and Other Vessels".

I understand from our conversations you are seeking the possible involvement of Hatch in these opportunities. Based on information received to date, Hatch consider that there is still extensive work to be undertaken to develop the technical and process aspects of each opportunity.

For Southern Cross Steel Industry Pty Ltd to progress discussion with prospective investors and stakeholders, a reasonable understanding of aspects such as total capital investment, time to realise operation of a facility, type of finished product, environmental considerations, operational costs, energy requirements etc. need to be developed as a pre feasibility study.

We would recommend the commissioning of such a study, with it's aims being to quantify and qualify details of each opportunity. Such studies can cost anywhere between US\$50,000 and US\$1,000,000 dependent on the extent of issues to be addressed, work completed to date, and participation of third parties. Hatch would be prepared to participate with Southern Cross Steel Industry Pty Ltd on the basis of a "fee for service" arrangement only.

Hatch have the broad capabilities and knowledge of the Iron and Steel industries and undertake such studies for many clients globally. Should Southern Cross Steel Industry Pty Ltd be interested in involving Hatch in developing these studies, I would welcome an opportunity for discussion with yourself to understand on what basis we may move forward.

Please contact me should you wish to progress this matter further.

Yours faithfully,

Gordon Manning
Director Iron & Steel, Australasia

GJM:gcm
Ref SCS1001.DOC



Banque européenne d'investissement
European Investment Bank

Accession Countries Department
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For the attention of Mr John I. DIDEA

Nombre de pages à suivre / Number of pages to follow :

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Expéditeur / Sender :

G. Tsingou

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Date :

20.09.01

Remarques / Notes :

Dear Mr Didea,

Following your letter of 18 July 2001, addressed to Mrs Simonelli, please find attached our brochure «Lending in Central European Accession Countries » which provides you with the details on the types of projects eligible for EIB financing.

At this stage you may wish to note that, as it is normal, the Bank's position on a specific project cannot be established before a full dossier is at its disposal, and that steel projects need also to appropriately satisfy EU market and State Aid conditions.

Should you have any further questions, please do not hesitate to contact Mr Madsen on +352 43 79 62 47.

Best regards,

Signature

G. Tsingou

M. Madsen

JOHN DIDEA – SIMPLIFIED CONCEPT.

OVERVIEW.

1. SCRAP IRON RESOURCES.

- a. - As raw material for DR Minimill Steel products.
- b. - Market size as percentage of global steel production.

3. AMOUNT OF SCRAP IRON DELIVERED TO MINIMILLS .

- a. - Domestic sources within host country.
- b. - International sources rail transport to host country.
- c. - International sea transport to host country.
- d. - Conversion cost.
- e. - Conversion ratio scrap/finished products /energy input.

4. SOURCES OF SCRAP.

- a. - Construction material reclaimed (Structural Steel etc.)
- b. - Land transport vehicles reclaimed.
- c. - Sea and inland rivers transport vessels reclaimed.

5. PRICES BY EXPORTING COUNTRIES, FOB AND. C & F.

6. SUPPLY PROBLEMS.

- a. - Logistics , quantity , quality, finance.
- b. - Non ferrous material.
- c. - Undesirable alloy elements.
- d. - Continuity of supply.
- e. - Quality assurance .
- f. - Procurement costs.
- g. - Transport costs .
- h. - Inventory costs.

7. SYSTEMATIC APPROACH.

- a. - Didea vessel acquisition and logistic methodology.
- b. - Didea vessel /material handling methodology(vessel queing , lifting, striping)
- c. - Didea cutting /reduction preparation techniques.
- d. - Didea Conversion concept.

8. DIDEA system Cost /Benefits.

- a. - Existing salvage operations.
- b. - Existing minimills operations.
- c. - Proposed Integrated Operation Steel Plant and Inclusions.