

THE TREASURER OF SOUTH AUSTRALIA

SA TAB PTY LTD ACN 096 604 170

TAB DUTY AGREEMENT

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## TABLE OF CONTENTS

1.	DEFINITIONS AND INTERPRETATION .....	1
1.1	Definitions .....	1
1.2	Interpretation.....	3
2.	DUTY AGREEMENT OPERATES AS A DEED .....	4
3.	DIRECTIONS, APPROVALS, AUTHORISATIONS AND NOTICES.....	4
3.1	Directions and approvals.....	4
3.2	Judicial review.....	4
4.	TERM .....	4
4.1	Term .....	4
4.2	Conditions precedent.....	5
4.3	Variation after 15 years.....	5
5.	DUTY PAYABLE BY THE LICENSEE.....	5
5.1	Duty payable.....	5
5.2	Manner of payment.....	5
5.3	Carry forward losses .....	6
5.4	Provisions applying while State-owned company .....	6
6.	RETURNS .....	6
7.	ESTIMATED FEES .....	6
8.	INTEREST.....	6
9.	APPROVAL OF SYSTEMS FOR PAYMENT OF DUTY .....	7
10.	SECURITY .....	7
11.	GENERAL PROVISIONS .....	7
11.1	Compliance to be at Licensee's own expense.....	7
11.2	Costs.....	7
11.3	Courts and Governing Law .....	7
11.4	Entire Agreement.....	7
11.5	Amendments.....	8
11.6	Further Acts .....	8
11.7	No Assignment .....	8
11.8	Severability, Ambiguity and Reading Down.....	8
11.9	Waiver .....	8
11.10	Counterparts .....	8
12.	NOTICES.....	8
12.1	Address for service.....	8
12.2	Manner of service .....	9

## TAB DUTY AGREEMENT

AGREEMENT dated

6 December

2001

**BETWEEN** THE TREASURER OF SOUTH AUSTRALIA, for and on behalf of the Crown in right of the State of South Australia ('Treasurer')

**AND** SA TAB PTY LTD ACN 096 604 170 of 14 Pulteney Court, Adelaide, South Australia, 5000 ('Licensee')

### RECITALS

- A. The Licensee is entitled to be granted the Licence under the Act.
- B. Section 14 of the Act requires that prior to the grant of the Licence there be an agreement between the Licensee and the Treasurer requiring, among other things, the Licensee to pay duty to the Treasurer in respect of the Licensee's operations under the Licence.
- C. The parties agree to enter into this agreement as the duty agreement.

### AGREEMENT

#### 1. DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

In this agreement, terms defined in the Act have the same meanings and, unless the contrary intention appears:

'Act' means the proposed *Authorised Betting Operations Act 2000*;

'bad debt' means any amount by way of consideration which the Licensee is entitled to receive for or in respect of its betting operations that is due as a debt but has not been received, and which the Licensee writes off as bad, in whole or in part;

'betting operations' means all betting operations conducted under the Licence, including without limitation, fixed odds and totalisator betting;

'Business Day' means a day on which banks (as defined in the *Banking Act 1959 (Cth)*) are open for general banking business in South Australia, excluding Saturdays and Sundays;

'Business Hours' means between 9.00am and 5.00pm on a Business Day;

'Carry Forward Loss' has the meaning given in clause 5.3(a);

'Default Rate' means 4 percentage points above the rate percent per annum which is equal to the average "bid rate" (rounded up to four decimal places) quoted on the page entitled "BBSY" of the Reuters Monitor System at or about 10:30 am on the due date for payment of the overdue amount for bank accepted bills with a tenor of 90 days (on

the due date for payment) or if such rate cannot be determined, a rate determined by the Treasurer as being a reasonable approximation of, or equivalent to, that rate.

**'Gross Betting Revenue'** during a Relevant Period means:

- (a) the gross consideration (adjusted to deduct for any Refunds payable in the Relevant Period) received by the Licensee during the Relevant Period for or in respect of bets received by the Licensee (including, without limitation, bets received by the Licensee using a Telecommunications Device from a person physically located outside South Australia), whether as principal or as agent for another entity, under the authority of and falling within the scope of, or otherwise authorised by, the Licence and for the avoidance of doubt excludes any bets received by a third party other than as an agent of the Licensee where such bets are combined in totalisator betting pools conducted by the Licensee ; plus
- (b) any bad debt to the extent recovered by the Licensee during the Relevant Period; plus
- (c) the amount of any unclaimed dividends that pursuant to the Rules cease to be payable to investors and become the property of the Licensee during the Relevant Period;

**'Licence'** means a major betting operations licence granted under Part 2 of the Act;

**'Net Betting Revenue'** means, in respect of any Relevant Period, the sum of Gross Betting Revenue less:

- (a) Total Dividends;
- (b) bad debts written off during the Relevant Period;
- (c) any Carry Forward Loss (or part thereof) carried forward to the Relevant Period pursuant to clause 5.3(a) or (b);

**'Refund'** means the amount of money that the Licensee is liable to repay to an investor in relation to a bet(s) made by that investor under the Rules and any amount repaid to an investor whether because of the cancellation or calling off of a bet or for any other reason but does not include unclaimed dividends and fractions;

**'Relevant Period'** means a calendar month, or, if applicable in respect of the first and last month of the Term, part of a month, or such other period as agreed between the Licensee and the Commissioner;

**'regulatory regime'** means (as applicable from time to time) the Act, any regulations made under the Act, the *Independent Gambling Authority Act 1995*, the conditions of the Licence and the approved licensing agreement, and any other relevant enactments, and the result of the exercise by the Governor, the Minister, the Authority or the Commissioner of any power conferred by the foregoing;

**'Rules'** means the rules governing the betting operations conducted under the Licence as approved from time to time by the Commissioner under the Act;

**'Term'** means the term of this agreement determined under clause 4;

**'Telecommunications Device'** means:

- (a) a computer adapted for communicating by way of the Internet or other communications network;
- (b) a television receiver adapted to allow the viewer to transmit information by way of a cable network or another communications network;
- (c) a telephone;
- (d) any other electronic device or thing for communicating at a distance;

**'Total Dividends'** means the sum of all dividends (monetary prizes) that the Licensee accrues a liability to pay to investors under the rules during the Relevant Period, but does not include Refunds.

**'Variable Component'** means, in respect of any Relevant Period, an amount equal to the greater of:

- (a) 6% of all Net Betting Revenue; and
- (b) zero.

## 1.2 Interpretation

In this agreement, unless the contrary intention appears:

- (a) headings are for ease of reference only and do not affect the meaning of this agreement;
- (b) the singular includes the plural and vice versa and words importing a gender include other genders;
- (c) other grammatical forms of defined words or expressions have corresponding meanings;
- (d) a reference to a clause, paragraph, schedule or annexure is a reference to a clause or paragraph of or schedule or annexure to this agreement and a reference to this agreement includes any schedules and annexures;
- (e) a reference to a document or agreement, including this agreement, includes a reference to that document or agreement as novated, altered or replaced from time to time;
- (f) a reference to 'A\$', '\$A', 'dollar' or '\$' is a reference to Australian currency;
- (g) a reference to a specific time for the performance of an obligation is a reference to that time in the State, Territory or other place where that obligation is to be performed;
- (h) a reference to a party includes its executors, administrators, successors and permitted assigns;

- (i) words and expressions importing natural persons include partnerships, bodies corporate, associations, governments and governmental and local authorities and agencies;
- (j) a reference to any legislation or statutory instrument or regulation is construed in accordance with the *Acts Interpretation Act 1901* (Cth) or the equivalent State legislation, as applicable;
- (k) words and expressions defined in the *Corporations Act 2001* as at the date of this agreement have the meanings given to them in the *Corporations Act 2001* at that date; and
- (l) a reference to writing includes typewriting, printing, lithography, photography and any other method of representing or reproducing words, figures or symbols in a permanent and visible form.

## **2. DUTY AGREEMENT OPERATES AS A DEED**

In accordance with section 14(7) of the Act, this agreement operates as a deed.

## **3. DIRECTIONS, APPROVALS, AUTHORISATIONS AND NOTICES**

### **3.1 Directions and approvals**

Under this agreement:

- (a) a direction, approval, authorisation or notice must be in writing signed by the person authorised to give it and may be given, varied or revoked from time to time; and
- (b) an approval or authorisation may be given or withheld at the absolute discretion of the person authorised to give it and may be given subject to conditions.

### **3.2 Judicial review**

The existence of this agreement shall not diminish any right of the Licensee for judicial review of any direction, approval, authorisation, notice of decision given or made in the course of the exercise of the regulatory regime.

## **4. TERM**

### **4.1 Term**

Subject to **clause 4.2**, this agreement operates from the date of the grant of the Licence by the Governor to the Licensee and continues until the date on which the Licence is cancelled, surrendered or expires.

### **4.2 Conditions precedent**

Unless and until the Licensee ceases to be a State-owned company:

- (a) **clauses 5 (except clause 5.4), 6, 7, 8, 9 and 10** have no force and effect; and

- (b) the Licensee must pay amounts to the Treasurer (and other parties) in accordance with the financial arrangements described in Schedule 1 of the Act.

#### 4.3 Variation after 15 years

Not later than the fourteenth anniversary of the date of grant of the Licence, the Treasurer and the Licensee agree to meet and negotiate in good faith whether the terms and conditions of this agreement should be varied in any way in respect of the period after the date being the fifteenth anniversary of the date of grant of the Licence. In respect of any proposed change to the rate of duty payable by the Licensee under this Agreement, such negotiations shall be conducted having regard to factors including the following:

- (a) the rates of duty payable by other persons (if any) authorised to conduct a business(s) comparable to the Licensee in South Australia;
- (b) the level of contributions by the Licensee under the Racing Distribution Agreement to the racing industry and the level of contributions made by any person referred to in sub clause (a) to the racing industry.

### 5. DUTY PAYABLE BY THE LICENSEE

#### 5.1 Duty payable

The Licensee must, in respect of each Relevant Period described in column 1 of the following table, pay to the Treasurer duty equal to the amount described in column 2 of the following table:

Relevant Period	Amount of Duty Payable
Relevant Periods falling on or prior to 30 June 2004	Variable Component only
Relevant Periods falling between 1 July 2004 and 30 June 2006	\$166,667 plus the Variable Component
Relevant Periods falling between 1 July 2006 and 30 June 2016	\$252,500 plus the Variable Component
Relevant Periods falling after 1 July 2016	Variable Component only

#### 5.2 Manner of payment

The duty payable under clause 5.1 is to be calculated in respect of each Relevant Period and paid by the Licensee to the Treasurer within seven days of the end of each Relevant Period during the Term.

#### 5.3 Carry forward losses

- (a) If for any Relevant Period the sum of the Licensee's Total Dividends and bad debts exceeds the Gross Betting Revenue, such that the Net Betting Revenue is less than zero the excess (a 'Carry Forward Loss') may be deducted from Gross Betting Revenue in the next Relevant Period when calculating Net

Betting Revenue for the purposes of determining the Variable Component (but not any fixed component) of duty payable for that Relevant Period.

- (b) To the extent that a Carry Forward Loss is not fully set off against Gross Betting Revenue in the Relevant Period to which it is carried forward, the Carry Forward Loss (or part thereof) may be carried forward from one Relevant Period to the next until the Carry Forward Loss has been set off in full against Gross Betting Revenue.

#### **5.4 Provisions applying while State-owned company**

Following the repeal of the *Racing Act 1976 (SA)*, until such time as the Licensee ceases to be a State-owned company, the Licensee must continue to comply with sections 84J, 84M and 84N(1) of the *Racing Act 1976 (SA)* as if those sections remained in force, (including, without limitation, by making all distributions that would have been required under those sections had they remained in force) except that all references in those sections to the Recreation and Sport Fund will be taken to be references to the consolidated account.

### **6. RETURNS**

The Licensee must:

- (a) within seven days of the end of each Relevant Period in a financial year, provide the Treasurer with a return in respect of that Relevant Period; and
- (b) within seven days of the end of each financial year, provide the Treasurer with a return for that financial year,

in the form, and containing the information agreed between the Licensee and the Treasurer and, failing agreement, as approved or determined by the Treasurer.

### **7. ESTIMATED FEES**

If the Licensee fails to maintain the records, or fails to provide access to those records, as required by or under the Act or this agreement within such reasonable period as the Treasurer may nominate for that purpose and, as a result, the Treasurer is unable to determine whether the Licensee has paid duty or other amounts payable under this agreement, or interest payable in respect of such amounts, the Treasurer may determine any amount payable by the Licensee on any basis that the Treasurer thinks fit, and the Licensee must pay the Treasurer such amount within such reasonable period as the Treasurer may nominate when notifying the Licensee of that determination.

### **8. INTEREST**

If the Licensee fails to pay duty or any other amount payable under this agreement, the Treasurer may by written notice require the Licensee to pay, in addition to the amount owing, interest at the Default Rate on the outstanding amount calculated from the due date of payment daily on a cumulative basis.

### **9. APPROVAL OF SYSTEMS FOR PAYMENT OF DUTY**

The Licensee must ensure that the business the subject of the Licence is operated in accordance with systems and procedures approved by the Commissioner in respect of:



- (a) calculation and recording of Gross Betting Revenue and Net Betting Revenue; and
- (b) payment of money required for the payment of duty and other amounts payable under this agreement, including interest.

## **10. SECURITY**

- (a) If requested by the Treasurer, the Licensee must provide to, and maintain with, the Treasurer, a bank guarantee in favour of the Treasurer (in a form acceptable to the Treasurer) for an amount not less than the amount of duty the Treasurer reasonably estimates will be payable by the Licensee in the 3 month period following the Treasurer's request, by way of security for payment of duty due under this agreement.
- (b) If notified by the Treasurer from time to time that the Treasurer's estimate of the duty payable in the 3 months following the notification is greater than the amount of the bank guarantee referred to in clause 10(a), the Licensee must either procure that the amount of the bank guarantee is increased to the new amount notified by the Treasurer, or otherwise provide to, and maintain with, the Treasurer, a replacement bank guarantee for the new amount notified by the Treasurer.

## **11. GENERAL PROVISIONS**

### **11.1 Compliance to be at Licensee's own expense**

The Licensee must comply with its obligations arising under or in connection with this agreement at its own expense in all things.

### **11.2 Costs**

Each party must bear its own costs incurred in or incidental to the negotiation, preparation and execution of this agreement. The Treasurer shall pay any stamp duty payable upon this agreement or the transactions contemplated under it.

### **11.3 Courts and Governing Law**

This agreement is governed by, and must be construed in accordance with, the law from the time being in force in the State of South Australia and, subject to the Act, the Courts having jurisdiction in South Australia have jurisdiction in respect of any dispute arising between the parties out of or in respect of this agreement.

### **11.4 Entire Agreement**

This agreement is the entire agreement between the parties as to its subject matter. It supersedes all prior agreements, representations, conduct and understandings.

### **11.5 Amendments**

No amendment of, nor addition to, this agreement is binding unless it is in writing and executed by the parties to this agreement.

**11.6 Further Acts**

The parties will do all things and execute all documents required to permit or facilitate the performance of the transactions contemplated by this agreement.

**11.7 No Assignment**

The Licensee must not assign this agreement except to a transferee of the Licence in accordance with the Act.

**11.8 Severability, Ambiguity and Reading Down**

- (a) A clause or part of this agreement that is ambiguous or capable of bearing a meaning that would be void, illegal or ineffective, must be construed, or if necessary read down, so as to bear a meaning which is not void, illegal or ineffective.
- (b) A clause or part of this agreement that is held by a court to be invalid or unenforceable will be taken to be deleted from this agreement and the remainder of the agreement will remain in full force and effect.

**11.9 Waiver**

A waiver of any provision of this agreement:

- (a) must be in writing; and
- (b) does not operate as a waiver of another breach of the same or of any other provision.

Forbearance, delay or indulgence by a party in enforcing the provisions of this agreement will not be taken to prejudice or restrict the rights of that party.

**11.10 Counterparts**

This agreement may be executed in any number of counterparts. All counterparts taken together will be deemed to constitute the one document.

**12. NOTICES****12.1 Address for service**

A party giving notice or notifying under this agreement must do so in writing:

- (a) directed to the recipient's address specified in this clause, as varied by any notice; and
- (b) hand delivered or sent by prepaid post or facsimile to that address.

The parties' addresses and facsimile numbers are:

**Treasurer:**

8th Floor, State Administration Centre  
200 Victoria Square East  
ADELAIDE SA 5000  
Attention: Under Treasurer

Facsimile: (08) 8226 9477

**Licensee:**

The Company Secretary  
SA TAB Pty Ltd  
14 Pulteney Court, Adelaide  
South Australia 5000

Facsimile: (08) 8223 6803

**12.2 Manner of service**

A notice given in accordance with clause 12.1 is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, five days after the date of posting;
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the total number of pages of the notice unless, within eight Business Hours after that transmission, the recipient informs the sender that it has not received the entire notice.

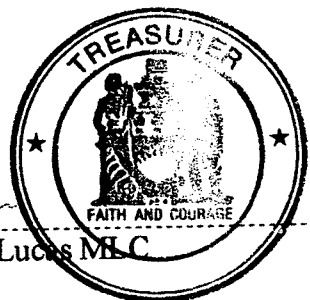
**EXECUTED as a deed.**

**SIGNED by THE TREASURER OF  
SOUTH AUSTRALIA in his capacity as a  
body corporate in the presence of** )  
)  
)

*[Handwritten Signature]*  
-----  
Signature of witness

*LJA DAGNALL*  
-----  
Name of witness (print)

*[Handwritten Signature]*  
-----  
Hon Robert Ivan Lucas MLC  
Treasurer



EXECUTED by  
SA TAB PTY LTD



*[Handwritten Signature]*

Signature of director

*ROBERT S. RUSE*

Name of director (print)

)  
)

*A. Frolow*

Signature of ~~director~~/company secretary  
(Please delete as applicable)

*ALEXANDER FROLOW*

Name of ~~director~~/company secretary (print)

**DATED**

**2004**

**VARIATION OF TAB DUTY AGREEMENT**

**BETWEEN**

**THE TREASURER OF THE STATE OF SOUTH AUSTRALIA**

(the "Treasurer")

**-AND-**

**SA TAB PTY LTD**

**ACN 096 604 170**

(the "Licensee")



**CROWN SOLICITOR**  
Level 9, 45 Pirie Street, Adelaide SA 5000

## VARIATION OF TAB DUTY AGREEMENT

AGREEMENT dated

2004

**BETWEEN THE TREASURER OF THE STATE OF SOUTH AUSTRALIA** of Level 8, State Administration Centre, 200 Victoria Square, Adelaide South Australia 5000 for and on behalf of the Crown in right of the State of South Australia (the "Treasurer")

**AND SA TAB PTY LTD ACN 096 604 170** of 188 Richmond Road, Marleston, South Australia 5033 (the "Licensee")

### RECITALS

- A The Treasurer and the Licensee are parties to a Duty Agreement made on 6 December 2001 (as varied from time to time, the "Duty Agreement").
- B Section 14(6) of the *Authorised Betting Operations Act 2000* permits the Duty Agreement to be varied by a later agreement between the parties.
- C The parties wish to enter into this Agreement to amend the Duty Agreement.

### AGREEMENT

#### 1. INTERPRETATION

Unless the contrary intention appears, expressions defined in the *Authorised Betting Operations Act 2000* or the Duty Agreement have the same meanings when used in this Agreement.

#### 2. VARIATION

With effect on and from 1 July 2004, but subject to clause 4 of this Agreement, the Duty Agreement is varied by:

- (a) inserting in clause 1.1, immediately after the definition of "Default Rate", the following:

*"financial year" means the period of 12 months starting on 1 July (or any other date agreed between the Licensee and the Commissioner) in any year;*

**“Flat Component”** means, in respect of any Relevant Period, \$20,833.33 Adjusted to CPI to the first day of the financial year in which the Relevant Period falls;”;

- (b) inserting in clause 1.1, immediately after the definition of “regulatory regime”, the following:

**“Review”** means an inquiry or investigation:

- (a) that is held by the Authority into whether or not the Licensee remains a suitable person to hold the Licence; and
- (b) in respect of which the Treasurer gives the Licensee a notice (whether before or after the commencement or before or after the completion of the inquiry or investigation) specifying that the inquiry or investigation is a Review for the purposes of this Agreement;

**“Review Period”** means:

- (a) the period of 3 consecutive financial years starting on 1 July 2003; or
- (b) any period of 3 consecutive financial years starting on an anniversary of 1 July 2003 that is an integer multiple of 3 (except that the last Review Period is the period starting on the last such anniversary to occur during the Term and ending on the last day of the Term);”;
- (c) inserting, immediately after clause 1.2, a new clause 1A as follows:

**“1A CPI ADJUSTMENT**

1A.1 Subject to clause 1A.2, a reference in this Agreement to an amount “Adjusted to CPI” to a particular date is a reference to the product of the amount and a fraction of which the denominator is the CPI for the Quarter ended on 31 March 2004 and the numerator is the CPI for the Quarter ended on the most recent anniversary of that date as at the relevant date (or if the relevant date is less than 12 months after 31 March 2004, the numerator is also the CPI for the Quarter ended on 31 March 2004).

1.A.2 If the Commonwealth of Australia ceases to publish the CPI, or the basis on which the CPI is calculated is substantially changed, then the Commissioner will nominate by notice to the Licensee another index or criterion that, when applied to a given amount, will increase that amount so as fairly to reflect the increase

*in the cost of living for the City of Adelaide since 1 July 2004, and each amount that is to be "Adjusted to CPI" under this Agreement will thereafter be adjusted by reference to that index or criterion.*

1.A.3 For the purposes of this clause:

(a) "CPI" means the Consumer Price Index (All Groups) for the City of Adelaide published Quarterly by the Commonwealth of Australia; and

(b) "Quarter" means a period of 3 months beginning on 1 January, 1 April, 1 July or 1 October.";

(d) replacing clause 5.1 (including its heading) with the following:

***"5.1 Duty payable***

*The Licensee must, in respect of each Relevant Period described in column 1 of the following table, pay to the Treasurer duty equal to the amount described in column 2 of the following table:*

<b><i>Relevant Period</i></b>	<b><i>Amount of Duty Payable</i></b>
<i>Relevant Periods falling on or prior to 30 June 2004</i>	<i>Variable Component only</i>
<i>Relevant Periods falling between 1 July 2004 and 30 June 2006</i>	<i>\$166,667 plus the Variable Component plus the Flat Component</i>
<i>Relevant Periods falling between 1 July 2006 and 30 June 2016</i>	<i>\$252,500 plus the Variable Component plus the Flat Component</i>
<i>Relevant Periods falling after 1 July 2016</i>	<i>Variable Component plus the Flat Component</i>

(e) replacing clause 5.2 (including its heading) with the following:

***"5.2 Manner of payment***

(a) *Subject to clause 5.2(b), the duty payable under clause 5.1 is to be calculated in respect of each Relevant Period and paid by the Licensee to the Treasurer within 7 days of the end of each Relevant Period during the Term.*

(b) *The aggregate of the Flat Components referable to the Relevant Periods falling between 1 July 2004 and 31 December 2004 is to be paid by the Licensee to the Treasurer on or before 31 December 2004.";* and



- (f) inserting, immediately after clause 5.4, new clauses 5.5 and 5.6 as follows:

**“5.5 Additional Duty**

- (a) *The Licensee must pay to the Treasurer duty in respect of each Review of the lesser of:*
- (i) *\$70,000.00 Adjusted to CPI to the first day of the financial year in which the Authority begins the Review; and*
  - (ii) *an amount equal to the total of the costs incurred by the Authority in holding the Review, as determined by the Authority and notified to the Licensee by the Treasurer after the Review has been completed.*

*However, the Licensee is not required to pay duty under this clause 5.5(a) in respect of a particular Review if the last Review before that Review (if any) commenced in the same Review Period as did that Review (but if the last Review commenced in the preceding Review Period, the Licensee’s liability to pay the duty will not be affected by reason of the last Review continuing into the current Review Period).*

- (b) *The Licensee must pay the Treasurer the duty payable under clause 5.5(a) for a particular Review in the manner specified by the Treasurer in a notice given to the Licensee after the commencement of the Review (which, for the removal of doubt, may be the notice given for the purposes of the definition of “Review” in clause 1.1). The manner of payment is within the Treasurer’s discretion and the Treasurer may, for example (but without limiting that discretion), specify that the duty is to be paid:*
- (i) *by periodic instalments; and/or*
  - (ii) *wholly or partly in advance of the Authority incurring the costs by reference to which the duty is calculated; and/or*
  - (iii) *on the basis of an estimate of those costs, and subject to final adjustment when the final cost is quantified.*

**5.6 Obligations Cumulative**

*The obligations of the Licensee under clauses 5.1 and 5.5(a) respectively are cumulative.*

3. CONFIRMATION

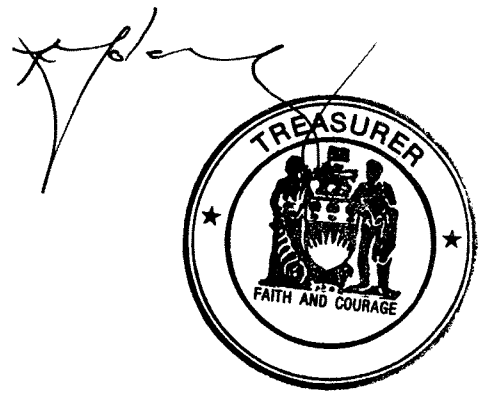
In all other respects the Duty Agreement is confirmed.

4. PRESERVATION OF RIGHTS PRE- 1 JULY 2004

Nothing in this Agreement affects the respective rights and obligations of the parties under the Duty Agreement in respect of any Relevant Period falling before 1 July 2004.

EXECUTED unconditionally as an Agreement

THE COMMON SEAL of THE )  
TREASURER was hereunto affixed )  
by the authority of the Treasurer in the presence of )



.....  
Signature of witness

.....  
Name of witness (print)

EXECUTED by )  
SA TAB PTY LTD )

.....  
Signature of director



.....  
Signature of director/company secretary  
(Please delete as applicable)

.....  
Name of director (print)

.....  
Name of director/company secretary  
(print)