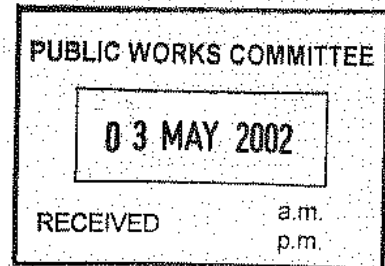


CHRISTMAS ISLAND PHOSPHATES

(A trading name wholly owned by Phosphate Resources Ltd ACN 009 396 543)

3 May 2002

The Chair
Parliamentary Standing Committee
Parliament House
Canberra ACT 2600



Dear Hon. Judi Moylan

PROPOSED COMMON USE INFRASTRUCTURE ON CHRISTMAS ISLAND

This letter is in response to your letter dated 15 April 2002, calling for written submissions on the Airport upgrade only on Christmas Island.

Extending the Christmas Island runway, either north or south, will affect Christmas Island Phosphates (CIP) operation.

1. North Extension

There are known phosphate resources both in-situ and in dumps to the north of the existing runway as identified by earlier PMC1 drilling.

These resources are not in existing CIP mine leases but fall within existing Mining Lease Applications (MLA's) and Exploration Licence Application (ELA) from CIP. The quantity and quality of the phosphates in this area is currently unknown, but it is expected that there are substantial resources of high-grade phosphates in the areas affected by the proposed extensions.

CIP requires the opportunity to drill out the areas affected by this extension and if resources are proven, then be given the opportunity to mine these resources over a period of time to fit in with existing marketing and mine schedules.

2. South Extension

The south extension covers part of the existing ML133a. The proposed extension covers potential recoverable old phosphate dumps and in-situ phosphate resources. CIP has

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commenced drilling in this area, but has not completed drilling as yet. CIP requires the opportunity to complete drilling out the area affected by the proposed extensions to determine the quantity and quality of the phosphates contained therein.

CIP requires the opportunity to mine out this area if resources are proven. If not provided with the opportunity to mine out this area, CIP will be asking compensation for the loss of resources, hence revenue.

3. Other Affected Areas

The runway extension will entail relocating several roads. The realignment of the Lily Beach Road will require resumption of part of existing ML133a. This resumed land has known phosphate resources. This land is also currently used to stockpile phosphate resources from ML100 and ML101, which has to be mined to a dateline to facilitate transfer of land for the APSC project.

Resumption of this land reduces CIP phosphate resources and affect stockpiling capacity. If stockpiling has to be relocated to a less convenient location, CIP will incur extra costs.

Portions of the eastern side of the runway are expected to be lowered to reduce wind shears that may affect aircraft landing. These areas have only been partly drilled and tested. Completion of drilling is required. Some dumps and in-situ resources are suitable for mining in the area.

If CIP is not given the opportunity to remove all known resources, then it will seek compensation for loss of revenue.

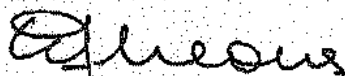
Lowering the elevation of this area will also generate limestone and chalk resources, which are suitable for sale. CIP will want to stockpile these materials or alternatively seek compensation for any loss of these materials.

4. General

If buffer zones surrounding the extension areas exclude CIP from mining in the existing mining leases or MLA's, then the company will seek compensation for the loss of resources contained therein.

Large stockpiles are planned in the areas surrounding the airport. Should there be any restriction on the height of these stockpiles and CIP has to relocate to other less suitable stockpiling areas, then the company will seek compensation for the extra costs incurred.

Yours sincerely



CF Cheong
Resident Manager