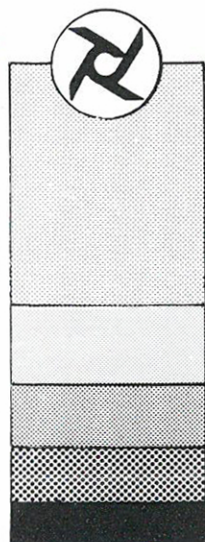


Who has benefited from Croesus Mining N.L. and its Kalgoorlie-Boulder operations?



\$11,700,000

Employees and contractors

\$3,100,000

Government charges, taxes, and other donations.

\$2,500,000

Local exploration reinvestment (excluding acquisition costs of \$33.7 million)

\$2,400,000

Stores purchases

\$1,100,000

Kalgoorlie-Boulder Town infrastructure

TOTAL: \$20,800,000

Open letter to the Hon. Ian Taylor MLA GOLD PRODUCER TAX

Dear Ian,

In your continuing attack on the Local Gold Mining Industry you have now called on Croesus Mining NL to make public its contribution to the local economy.

The above chart does that better than words.

In your public challenge you linked me both as a Councillor of the Association of Mining and Exploration Companies (AMEC) and an Executive Director of Croesus Mining NL. I will respond in both those roles.

Let me state again quite clearly as I stated at the Town Hall meeting on January 30, 1988 that AMEC makes it very clear that it has never opposed individual companies contributing on a voluntary basis to community projects. Indeed we have encouraged the practice.

We are however, totally opposed to any defacto tax on gold production.

My position both from an AMEC viewpoint and as a local gold producer has not changed or varied.

It seems therefore that the difference between our beliefs is that I believe in voluntary charity and you believe in compulsory charity.

Ian, there will always be some mining companies who behave better than others, just as there are wide variations in politician's and even citizen's behaviour.

Our country will remain great, as long as we can preserve the freedom to be different from one another and I'm prepared to defend these freedoms, especially the freedom of choice in what causes or organisations I support.

Having listened to both sides of this somewhat bitter debate, I'm still convinced that the gold mining industry can best serve the present and long term future interest of Kalgoorlie by exploring, mining and producing and by re-investing in this great mining region which we know and understand.

The present tax regime encourages such re-investment and we both appreciate that if dividends are paid to shareholders they are taxed. **Profits from gold only remain untaxed if they are retained and used to fund further exploration and mine development.**

REPLACING GOVERNMENT?

You made me chuckle when you stated that AMEC was "misleading" when we suggested that your trust proposal was being set up to relieve the Government of its regional responsibilities.

What is misleading, is your repeated misinterpretation of our company's profit figure. I corrected you at the Town Hall meeting but you are still confusing our gross profit with net profit.

Let me quote directly from our published report which stated the profit of "\$4.8m, out of which must be made provision for amortisation of the acquisition costs of the mine and the write off of any exploration expenditure on areas deemed by the Directors not to contain economically recoverable reserves."

There is a big difference between our published report and your repeated announcement on our company's behalf. It is important that your error be noted.

Your other announcement about our profit figure, per ounce, was also wrong, so could I ask that you do not make further announcements of this nature? Surely a reasonable request, as I don't make announcements on behalf of your government.

AN UNINTENDED CONSEQUENCE?

Ian, I was in Canberra last week and was told by several of your Federal colleagues that they are delighted that you have raised the subject of a Gold Tax for them.

They were looking for an excuse to re-examine this whole issue, and had no avenue until you came along. Do you think that they will let you have a tax of your own if they can't have one too?

HEAD OFFICE/OPERATIONS AND VOLUNTARY CONTRIBUTIONS TOO!

Without unduly beating my Company's drum, let me say that we have our head office and administration in Kalgoorlie, and our mining operations in Boulder. We will continue to be based in this region as long as we feel that we are welcome.

In our very short time as a gold producer (less than one year) we have already voluntarily supported unrelated activities ranging from the Museum, student sponsorship, Senior Citizens Centre and flying Vietnam Veterans to Sydney (you should remember this as you presented our company with a wall plaque in appreciation).

These contributions totalled approximately \$21,000.

As one would expect, such payments are totally overshadowed by our injection of revenue into the area to enable so many other people to voluntarily "do their bit".

There will always be voluntary support from mining companies, business houses and residents, for sound, well researched proposals where there is proper accountability.

The WMC-Sir Lindsay Clark Trust Fund, voluntarily operated by WMC since 1979 is an excellent model for other individual companies to follow, if they so choose. I understand that it may form the model for the companies involved in the "Big Pit" project.

This voluntary support for worthy causes is one of the characteristics of this region where groups of people get together voluntarily and achieve so much, that it is the envy of other communities, and I mention the Kalgoorlie-Boulder Community Fair and the Goldfields Mining Expo as two examples.

The mining industry knows that it is in its own rational self interest to contribute voluntarily to as many worthwhile ventures as possible because the mining industry's interests are served by an improved environment which can be shared by all.

If a compulsory tax is introduced, these voluntary contributions will, without doubt, dry up and the net result may be no increase in overall revenue.

DIVISIVE

In conclusion let me say that I will not be continuing this debate. As well as having other calls on my time, I feel that your "idea" since being raised and propounded by yourself and Mr Finlayson, appears to be the most divisive issue that has ever split local against local, and I find this aspect more disturbing than your attempt to re-distribute that which is not rightfully yours to re-distribute.

The concept of spending someone else's money may be popular, but this doesn't make it the correct thing to do.

Instead, may I respectfully suggest that you direct your efforts toward obtaining a better share, for this region, of the enormous sums of tax money taken by governments, from everyone in this area.

Ron Manners
EXECUTIVE CHAIRMAN
March 3, 1988