

United Development Pty. Limited
(Incorporated in New South Wales)

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MEMO FOR: John Hamilton
Hamilton & Hyun Investments Corpn.
C/- George Comino Fax# 87 862 1442

FROM: William Sommerville

DATE: 26 August 1991

MATTER: USSR GOVERNMENT LOAN FACILITY
TRANSACTION CODE - TBC: IIAM/WS/9102

Dear John

We acknowledge receipt this morning of your fax dated 25 August and would advise that despite certain problems as a result of the political upheaval in the USSR we are making progress.

1. The party from USSR, still scheduled to arrive in Sydney end of this week, comprises:-

Mr.K. Ivanov	Prime Minister of Yakutsko
Mr.D. Popov	Deputy P.M. of Yakutsko.
Mr.E. Sadovsky	Bank of Foreign & Economic Affairs, Moscow
Mr. Ermilin	Prodintor for Yakutsko (Buying Arm)

The composition of the party and their respective roles has been today confirmed by Australian Foreign Affairs.

2. We have been advised that the above referenced persons are fully authorized to execute an agreement for the loan facility. The Republic of Yakutsko is a major goldmining area and comes within the Yeltsin controlled sector. We are advised that everything is "on track" and we are pursuing detailed confirmation overnight.
3. We have been told that the Gold is in Kloten. We have asked for full specification and certification of the deposit to verify the location.
4. We are positive that this request is serious; the funds are required for purchase of food ex Australia and the negotiations in this regard are proceeding. It was our expectation that we would receive applications for further loans with additional security following the success of the first proposal.

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5. We know that ten (10) Metric Tonnes will be immediately available, and this cannot be increased, so the loan must be geared to that amount of security.
6. We know that, prior to our participation, an indication was received from a Bank to provide US\$80 Million upon security of ten (10) Metric Tonnes. We also know that the terms of that indicative offer were not as good.

We are making our recommendations and are following steps of validation to ensure the bona fides of all concerned. We hope for progress overnight and will keep you informed.

Kind regards

Sincerely



William Sommerville