



Department of State Development, Business and Innovation

10 September 2014

Mr. S. Rieniets
Head of Mining
AGL Loy Yang
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Steve
Dear Mr Rieniets,

RE: Mining Licence (MIN) 5189 – Refusal of Work Plan Variation

Thank you for meeting with Anne Bignell and myself on 12 August 2014 to discuss the several compliance issues remaining unresolved at the AGL Loy Yang mine. As explained during our meeting it was intended that a work plan variation would address the following issues in particular:

1. Mine Boundary – North

Over extraction and placement of overburden on the northern batter is not work in accordance with the approved work plan.

2. Declared Mine – Work Plan Variation

As a declared mine, a variation to the approved work plan is required to comply with Regulations 32(1) (b), 32(5), 44 and Schedule 15 of the *Mineral Resources (Sustainable Development) (Mineral Industries) Regulations 2013* (MRSDMI Regulations).

3. Rehabilitation Plan

A new Rehabilitation Plan or a review of the current Rehabilitation Plan that demonstrates that closure of the site is safe and stable and achievable.

A Work Plan Variation was submitted on 29 November 2013. A request for further information and changes was made on 31 January 2014 by the Department in accordance with section 41 of the *Mineral Resources (Sustainable Development) Act 1990* (MRSDA). A subsequent resubmission of the Work Plan Variation for approval was not made by AGL Loy Yang until 3 July 2014.

The work plan variation submission dated 3 July 2014 has not substantially addressed the shortcomings of the previous submission as previously documented. In summary the deficiencies of this latest work plan variation submission are:

1. Proposed changes to the extent and sequencing of mining including management of overburden from 1997 Work Plan are not adequately addressed;

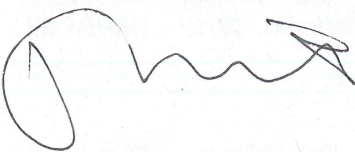
2. The status of the Rehabilitation Plan is not clear or related to current mine planning and closure planning;
3. The information supplied for the Environmental Management Plan does not meet the requirements of Schedule 15 of the MRSDMI Regulations ('the Schedule');
4. Community engagement plan does not meet the requirements of the Schedule;
5. Assessment of geotechnical and hydrogeological risks and controls, monitoring plan (stability and groundwater management) and review process (declared mine) is not addressed as required in the Schedule;
6. The approach adopted by Loy Yang to the draft work plan variation is predominantly non-committal and conversational. It should be in the context of the risks and impacts of the mining operation upon the environment and public safety and the associated controls employed to manage such impacts to an acceptable level.

In accordance with section 41(3) of the MRSDA, as the delegate of the Department Head, I give notice that the latest work plan variation submitted 3 July 2014 is refused because it does not address issues 1, 2 and 3 outlined on page 1 of this letter.

These issues have been in discussion for some time now and I encourage you to urgently submit a new workplan variation to address overdue requirements relating to your declared mine status, your rehabilitation plan and the serious breach of your approved Work Plan regarding the northern batters.

Please do not hesitate to contact me or Anne Bignell should you require any clarification regarding the issues that were raised during our discussion or that are contained in this letter.

Yours sincerely



John Mitas
General Manager Operations | Earth Resources Regulation

Cc Anne Bignell