



## Department of Primary Industries

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Ms C Davies  
Yallourn Energy Pty Ltd  
PO Box 444  
MOE VIC 3825

Dear Ms Davies

**MINING LICENCE 5003**  
**SECTION 80(4) OF THE MINERAL RESOURCES DEVELOPMENT ACT 1990**

Following a review of the rehabilitation bond for the above mining licence the bond has been reduced by \$3,630,500 to \$11,460,500.

As discussed at our recent meeting the rehabilitation bond review was carried out in accordance with the Department's guidelines. However, the contingency allowance is 20% rather than 10%, which usually applies. The Department's view is that a higher contingency allowance is required to cover uncertainties relating to the final rehabilitation of the site. The Minister's EES Assessment Report of 2001 identified the need for further research, in particular in hydrology, to address this uncertainty. Further research into final landforms and hydrology is also a condition of MIN5003.

A contingency of 20% has been applied based on the need for additional face battering, topsoiling and revegetation should a lake water level of RL38 not be achievable over a reasonable period. The current calculated cost of these activities is over \$3 million. This could increase several fold if a RL38 water level and is not achievable.

The Department will be happy to initiate another rehabilitation bond review and to reduce the contingency allowance once the research has been undertaken and the uncertainties related to final rehabilitation are resolved.

A revised bond is required in the form of a bank guarantee. The Department's policy on the form of the bank guarantees is attached. Arrangements for the exchange of the existing bank guarantee can be made with Joanne Wood, Client Service Officer, Traralgon Office on 5172 2128.

Yours sincerely

**PHIL ROBERTS**

Director Minerals and Petroleum Regulation  
Delegate of the Minister

Date: 30/7/2004

Encl.  
Bond Advice Form





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## DEPARTMENTAL POLICY FOR REHABILITATION BONDS

OCTOBER 2001

The *Mineral Resources Development Act* 1990 requires a licensee (or proposed transferee) to lodge a bond with the Department as a surety for compliance with the conditions of the tenement relating to rehabilitation.

**The ONLY form of rehabilitation bond acceptable to the Department is a Bank Guarantee. This Bank Guarantee must:**

- (a) be from a recognised bank (according to the current list of Individual Authorised Banks in Australia - Australian Prudential Regulation Authority, Reserve Bank of Australia), Building Society or Credit Union (according to the current list of Registered Corporations under the Financial Corporations Act 1974, Reserve Bank of Australia)
- (b) be in the name of the Minister for Resources;
- (c) state the licence type and number;
- (d) relate to a single tenement only (ie each tenement must have a separate bond);
- (e) be on Bank, Building Society or Credit Union letterhead or have a recognised stamp to indicate authenticity;
- (f) not have an expiry date and cannot be terminated by the bank;
- (g) be an original document;
- (h) be signed and dated by an authorised officer of the financial institution.

### **NOTE:**

1. In cases where a Bank Guarantee is secured by a party other than the licensee, this party should note that the Bank Guarantee will be returned directly to the licensee when it is no longer required.
2. Please send the original Bank Guarantee to Peter Merritt, Department of Primary Industries, 71 Hotham Street, Traralgon.
3. Please contact Peter Merritt on 5172 2128 for any further assistance with this matter.