



EnergyAustralia

EnergyAustralia
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8 April 2015

Mr Ross McGowan
Executive Director
Earth Resources
DEDJTR

Dear Mr McGowan

ANNUAL ACTIVITY AND EXPENDITURE RETURN 2013/2014

In response to your letter dated 16 March 2015 EnergyAustralia has reviewed its annual activity return submitted on the 28 August 2014 and provides the amended report attached. In reviewing the report please note the following:

- The Expenditure on equipment, plant or machinery is taken as capital expenditure; and
- The Expenditure on mining work undertaken relates to the operations cost of mining, which incorporates any costs associated with drilling.

In relation to the current "estimated rehabilitation liability" we have provided an estimate range as described below.

Yallourn Mine is progressively rehabilitating the mine in line with its approved Master Rehabilitation Plan flooding model. This plan focuses most of the rehabilitation works above the high water level at completion, RL 37.00-RL 38.00. The Yallourn mine has a number of legacy issues with significant infrastructure around the perimeter of the mine that cannot be economically removed until the completion of the mining operation. This infrastructure includes our large fire service pipe system around the top of the mine which is critical in providing the mine with water to manage its fire risk.

There are still a number of studies and reviews that will be needed as the mine nears completion before final rehabilitation can be undertaken in a number of areas. These reviews mainly focus on stability during the flooding period along the western batters of Township field and the status of the Morwell River Diversion. The rehabilitation liability can change significantly depending on the final outcome of the reviews; however the current liability is within the range of \$46 million for minimum stability work required to a conservative position of \$91 million where significant stability treatment is required.

I have discussed the mine's liability with Duncan Pendrigh at recent meetings but please don't hesitate in contacting me on 0418567284 or via email ron.mether@energyaustralia.com.au should you require further clarification of Yallourn mine's rehabilitation liability.

Yours sincerely,


Ron Mether
Manager Mining
EnergyAustralia Yallourn

cc Duncan Pendrigh