



**THE MOUNT LYELL MINING AND RAILWAY COMPANY
LIMITED (CONTINUATION OF OPERATIONS) ACT 1985**

No. 37 of 1985

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AN ACT to authorize the Treasurer to issue out of the Consolidated Revenue an amount to be paid to The Mount Lyell Mining and Railway Company Limited for the purpose of ensuring the deferral of closure of the Mount Lyell mine.

[Royal Assent 14 May 1985]

BE it enacted by His Excellency the Governor of Tasmania, by and with the advice and consent of the Legislative Council and House of Assembly, in Parliament assembled, as follows:—

1—This Act may be cited as *The Mount Lyell Mining and Railway Company Limited (Continuation of Operations) Act 1985*. **Short title.**

Commence-
ment.

2—This Act shall commence on the day on which it receives the royal assent.

Interpretation.

3—In this Act, unless the contrary intention appears—

“ the Agreement ” means the agreement, a copy of which is set out in Schedule 1, entered into by the Honourable Robin Trevor Gray being and as the Treasurer for the State of Tasmania for and on behalf of the State of Tasmania with the Company;

“ the Company ” means The Mount Lyell Mining and Railway Company Limited;

“ the Deed ” means the deed, a copy of which is set out in Schedule 2, entered into by the Honourable Robin Trevor Gray being and as the Treasurer for the State of Tasmania for and on behalf of the State of Tasmania with Renison Limited and the Company.

Authorization
for payment to
the Company.

4—(1) The Treasurer is, by this Act, authorized and directed to pay to the Company an amount of \$5 000 000 in accordance with subsection (2) for the purposes set forth in the Agreement and the Deed.

(2) Payment of the amount referred to in subsection (1) shall be made in 2 instalments in the following manner:—

(a) a sum of \$2 500 000 to be paid not later than 30th June 1985; and

(b) a further sum of \$2 500 000 to be paid not later than 31st July 1985.

(3) The amount referred to in subsection (1) shall be a charge on the Consolidated Revenue and be paid out of that fund in the manner referred to in subsection (2) without further appropriation than this section.

SCHEDULE 1

Section 3

THE AGREEMENT

THIS AGREEMENT made the 16th day of April One thousand nine hundred and eighty-five

BETWEEN THE HONOURABLE ROBIN TREVOR GRAY being and as the Treasurer for the time being for the State of Tasmania (hereinafter called "the Treasurer") which expression shall include his successors in office of the one part

AND THE MOUNT LYELL MINING AND RAILWAY COMPANY LIMITED a Company incorporated in the State of Victoria and having its registered office at Number 150 Queen Street, Melbourne (hereinafter called "the Company") of the other part

WHEREAS the Company has agreed to a variation of its rights under Consolidated Mining Lease Number 30M/80 in consideration whereof the Treasurer will pay to the Company the sum of Five million dollars (\$5 000 000) subject to the provisos and on the terms and conditions hereinafter contained

NOW IT IS HEREBY AGREED AS FOLLOWS:—

DEFINITIONS

1. (1) In this Agreement:—

 "rehabilitation programme" means the programme stipulated in Schedule 1.

 "the lease" and "lease" means the Consolidated Mining Lease Number 30M/80 granted to the Company for a term expiring on the 31st day of March, 2001.

(2) Headings in this Agreement are included for convenience only and shall not affect the construction or interpretation thereof.

(3) The Schedule to this Agreement shall be deemed to be and shall be read and construed as one with this Agreement.

VARIATION OF LEASE

2. In consideration of the payment by the Treasurer to the Company of a capital sum of Five million dollars (\$5 000 000) by the instalments hereinafter provided, the Company agrees that the lease shall terminate on the 30th day of June, 1991 or the date of completion of the rehabilitation programme, whichever is the earlier.

COVENANTS

3. (1) THE COMPANY hereby covenants with the Treasurer to carry out the rehabilitation programme which shall fully satisfy all obligations in regard to rehabilitation as a consequence of operations on the lease whether arising under the lease or under any statute, regulation or other requirement.
- (2) THE TREASURER hereby covenants with the Company to pay it the said capital sum of Five million dollars (\$5 000 000) as follows:—
- (i) upon the execution hereof but in any event before the 30th day of June, 1985 the sum of Two million five hundred thousand dollars (\$2 500 000),
 - (ii) on or before the 31st day of July, 1985 the sum of Two million five hundred thousand dollars (\$2 500 000).

GENERAL

4. (1) (i) This Agreement and all ancillary matters relating thereto shall be governed by and construed in accordance with the law for the time being of the State of Tasmania.
- (ii) Any dispute or difference arising out of this Agreement shall be referred to Arbitration pursuant to the provisions of the Arbitration Act 1892 of the State of Tasmania or any statutory modification or re-enactment thereof for the time being in force.

SCHEDULE 1

REHABILITATION PROGRAMME

(Clause 1 (1))

The programme of rehabilitation to be carried out in accordance with Clause 3 (1) to fully satisfy the obligation shall be the completion of the works hereinafter stipulated, enumerated by reference to the plan entitled "Rehabilitation", numbered A0-2024 dated 1st day of January 1985, a copy of which is filed in the Department of the Environment of Tasmania Hobart.

1. The shafts, adits, cave areas and open pits shall be made safe to the satisfaction of the Chief Inspector of Mines, in accordance with the following:
- (a) Prince Portals (31) to be sealed
 - (b) Lyell Tharsis (37) to be sealed
 - (c) North Lyell Mine (33) to be cleaned up. Slope 3 slot to be sealed
 - (d) Prince Shaft (43) to be sealed.

2. The areas listed hereunder shall be cleaned up to the satisfaction of the Director of Environmental Control and made safe to the satisfaction of the Chief Inspector of Mines:
 - (a) Recreation Lease (5)—to become Queenstown Council responsibility
 - (b) Slag Dump (14)—batters on East side to be made safe
 - (c) Utah Dump (39)—to be cleaned up
 - (d) Refuse disposal site (42)—to be cleaned up and covered
 - (e) Central Queen Dump (6)—to be closed off.
3. The buildings and fixed plant listed hereunder shall be sold, removed or disposed of and the area cleaned up to the satisfaction of the Director of Environmental Control and the Chief Inspector of Mines:

Substation (2)	Flotation (21)
Filter Plant (3)	Intermediate Ore Storage (23)
Diesel Station (4)	Crushers, primary, secondary and tertiary (24) (25)
Transport Office (7)	Workshops, 187 level (28)
Apprentice Training Centre (8)	Workshop and Fuel Bay (30)
Stores Buildings (9) (12)	Batchelor crusher (33)
Heavy Duty Workshop (11)	West Lyell Crusher (34)
Machine Shop (13)	Road metal crusher (35)
Blower Room (15)	Magazines
Change-house (19)	Prince shaft head frame, winders and offices (43)
Administration Block, 175 Level (19)	
Mills (20)	

Removal or disposal of buildings and fixed plant shall not require the removal or disposal of foundations or concrete floors but does require the cutting off of all bolts or other protruding metal flush with the surface.
4. The structures listed hereunder, having historic interest, are to be left in place and made safe to the satisfaction of the Chief Inspector of Mines:

Fine bins (22)
Brick flue (26)
Converter stack (27)
Utah tanks (36)
5. The buildings and areas listed hereunder, the final use of which being subject to a decision concerning a proposed tourist mine, may be included with those listed under Paragraphs 2, 3 or 4 hereof, at the discretion of the Chief Inspector of Mines should they not be required for the proposed tourist mine or similar development.

Buildings:	Areas:
Refinery (16)	Iron Blow (32)
Smelter (17)	West Lyell Open Cut (32)
Change-house, 187 level (29)	Cape Horn Area (40)

IN WITNESS WHEREOF these presents have been duly executed the day and year first hereinbefore written.

SIGNED SEALED AND DELIVERED by
THE HONOURABLE ROBIN TREVOR
GRAY being and as the Treasurer for the
time being of the State of Tasmania in the
presence of:— } ROBIN GRAY
Treasurer

BRIAN H. BURKETT
Crown Solicitor

THE COMMON SEAL of THE MOUNT
LYELL MINING AND RAILWAY COM-
PANY LIMITED was hereunto affixed by
authority of the Directors in the presence
of:— } LEONARD W. SKELTON
Director
C. N. DAVISON
Director

J. M. McCRORY
Secretary

SCHEDULE 2

Section 3

THE DEED

THIS DEED made the 16th day of April One thousand nine hundred and eighty-five

BETWEEN THE HONOURABLE ROBIN TREVOR GRAY being and as the Treasurer for the time being for the State of Tasmania (hereinafter called "the Treasurer") which expression shall include his successors in office of the first part

AND RENISON LIMITED a Company incorporated in the State of Victoria and having its registered office at Number 150 Queen Street, Melbourne (hereinafter called "Renison") of the second part

AND THE MOUNT LYELL MINING AND RAILWAY COMPANY LIMITED a Company incorporated in the State of Victoria and having its registered office at Number 150 Queen Street, Melbourne (hereinafter called "Mount Lyell") of the third part

WHEREAS:—

- A. Renison is sub-lessee from Mount Lyell of Consolidated Mining Lease Number 30M/80 the initial term of which sub-lease expires on 25th May 1985 but it is the intention of both Renison and Mount Lyell, as evidenced by their execution of these presents, that Renison will hold over under the said sub-lease in accordance with the terms thereof until completion of mining of the 40 Series stopes.
- B. Mount Lyell conducts the mining operations on Consolidated Mining Lease Number 30M/80 as agent for Renison and it is the intention of both Mount Lyell and Renison, as evidenced by their execution of these presents, that Mount Lyell will continue so to do until completion of mining of the 40 Series stopes.
- C. Renison has agreed to pay additional royalties in respect of the lease and to fulfil certain other obligations in respect to mining operations of the lease.

NOW IT IS HEREBY AGREED AS FOLLOWS:—

DEFINITIONS

1. (1) In this Deed:—

"Accounting period" means the period from 6th February, 1985 to 31st December, 1985 and thereafter each sequential period of six consecutive calendar months commencing 1st January, 1986.

"copper price equivalent" means the sum obtained by dividing Renison's gross sales revenue for copper, gold and silver produced from the mine by the number of sales tonnes of copper calculated at the conclusion of any continuous period of six consecutive months commencing on or after the 6th February, 1985.

"cumulative net operating cash flow" whether positive or negative means the difference at the end of any accounting period between

- (i) the total of negative net operating cash flow in that and all prior accounting periods, and
- (ii) the total of positive net operating cash flow in that and all prior accounting periods hereunder.

"employment levels" means the number of full-time workers employed at the mine.

"negative net operating cash flow" means the sum by which operating expenditure exceeds operating revenue in an accounting period.

"positive net operating cash flow" means the sum by which operating revenue exceeds operating expenditure in an accounting period.

"royalties" means the royalties as hereinafter provided being sums payable in addition to royalties payable under the Mining Act and Regulations thereunder in respect of mining products taken under the lease.

"the lease" and "lease" means the Consolidated Mining Lease Number 30M/80.

"the mine" and "mine" means the mine operated by Mount Lyell on behalf of Renison under the lease.

"40 Series stopes" means the mining reefs and excavations in the lease as the said stopes are shown in Schedule 2.

- (2) Headings in this Deed are included for convenience only and shall not affect the construction or interpretation thereof.
- (3) A reference to a clause is to a clause of this Deed and a reference to a sub-clause where no nominate clause precedes it, is a reference to the relevant sub-clause of the clause in which the reference appears.
- (4) The Schedules to this Deed shall be deemed to be and shall be read and construed as one with this Deed.

COVENANTS

2. (1) RENISON hereby covenants with the Treasurer:—

- (i) To work the lease until the date of completion of mining of the 40 Series stopes or the 30th June, 1991 whichever is the earlier save as is hereinafter provided by Clause 6.
- (ii) To pay royalties at such times, in such manner and by such amounts as are provided in Clause 5.
- (iii) Unless the Treasurer otherwise agrees, to maintain employment levels at the mine within 10% of those stipulated in Schedule 1.

AND it is hereby agreed and declared as follows:—

CASH FLOW

3. (1) Operating Expenditure

For the purpose of ascertaining operating expenditure in respect of any accounting period in calculating cash flow the costs to be taken into account shall be all costs necessarily incurred during that period in respect of production at the mine including but not limited to:—

- (i) interest on overdraft accommodation or on other borrowings to the extent that amounts are overdrawn or borrowed for expenditure that is necessary for or attributable to production at the mine;
- (ii) the value of items of stock consumed from store, being in respect of each item the cost based on the cost system in use at the mine as shown in the stock records;
- (iii) the cost actually incurred in each accounting period in respect of—
 - (a) major overhauls;
 - (b) power;
 - (c) freight and other transport costs associated with the shipment of concentrates;
- (iv) audit services;
- (v) insurance, including workers' compensation insurance;
- (vi) rents on leases;
- (vii) telecommunications;
- (viii) rates and taxes;
- (ix) royalties payable under the lease but excluding royalties hereunder;
- (x) income tax chargeable on the taxable income from the operations of the mine;
- (xi) capital expenditure in accordance with Schedule 4;
- (xii) payments to employees on termination of employment;
- (xiii) charges for management services;
- (xiv) such other costs as the Treasurer may from time to time in writing approve.

(2) Operating Revenue

For the purpose of ascertaining operating revenue in respect of an accounting period there shall be taken into account all moneys received or entitled to be received in respect of mining the lease in such period being:—

- (i) all amounts arising from the sale of mining products produced from the mine on or after 6th February, 1985;

- (ii) all amounts received by way of subsidy or other production incentive allowances payable in respect of the mine under any Act or agreement with the Commonwealth of Australia or the State of Tasmania, and
- (iii) all sums received by way of payments of interest other than interest on moneys which are not derived from the mine but excluding moneys representing the proceeds of the sale of capital assets of the mine and any repayment by the Treasurer of royalties paid by Renison.

ACCOUNTS

4. Renison shall:—

- (1) as soon as practicable and in any event within forty-two days after the end of every accounting period supply to the Treasurer:—
 - (i) a copy of the statement of operating revenue and operating expenditure certified by statutory declaration to be true copies of the original thereof, and
 - (ii) a calculation made from such statement and the statements in respect of all prior accounting periods of the cumulative net operating cash flow, and
- (2) supply to the Treasurer such financial and other information that he may reasonably require from time to time in connection with Renison's covenants and obligations hereunder.

PAYMENT OF ROYALTIES

- 5. (1) (i) If a calculation furnished to the Treasurer pursuant to clause 4 (i) (b) shows that there was both a positive net operating cash flow for the relevant accounting period and a positive cumulative net operating cash flow at the end of such period, Renison shall pay to the Treasurer a royalty equal to one half of such positive cumulative net operating cash flow or one half of the positive net operating cash flow for the period whichever is the lesser Provided that in no event shall the total amount of royalties payable hereunder and not subsequently refunded exceed in the aggregate the sum of \$5 000 000.
- (ii) All such royalties shall be paid promptly and in any event within forty-nine days of the end of the relevant accounting period.
- (2) If a calculation furnished to the Treasurer pursuant to Clause 4 (i) (b) shows that there was not a positive net operating cash flow for the relevant accounting period and if either:—
 - (i) there was not, at the end of such period, a positive cumulative net operating cash flow, or

- (ii) the total of royalties paid to the end of such period under sub-clause (1) exceeds one half of the then positive cumulative net operating cash flow

the Treasurer shall refund to Renison the total amount of all royalties previously paid under sub-clause (1) which have not previously been refunded or one half of the negative net operating cash flow arising in that period whichever is the lesser.

- (3) In the event that Renison determines to cease operations at the mine as provided by Clause 6 (2), it will pay to the Treasurer an additional royalty hereunder in respect of its operations prior to such cessation, the amount whereof shall be determined from the following table:—

Date of Cessation of Operations	Amount of additional Royalty	
Prior to 1st July 1986	\$5 000 000	} less, in each case, the total of all royalties previously paid under Clause 5 (1) and not subsequently refunded under Clause 5 (2).
Between 1st July 1986 and 31st December 1986	\$4 000 000	
Between 1st January 1987 and 30th June 1987	\$3 000 000	
Between 1st July 1987 and 31st December 1987	\$2 000 000	
Between 1st January 1988 and 30th June 1988	\$1 000 000	

EXPRESSED TERMS

AND IT IS EXPRESSLY AGREED:

6. (1) Renison shall be discharged from its covenants and obligation to continue operation of the mine
- (i) if the fulfilment of that commitment is rendered impossible by the occurrence of any natural calamity, or as a result of war, or action of any government, or inability to obtain labour brought about by circumstances beyond Renison's control and provided that it shall have used all reasonable endeavours to overcome or minimize the effect of any such circumstances or events; or
- (ii) if the copper price equivalent calculated at any time in a financial year is less than the figure set out opposite that financial year in Schedule 3.
- (2) That if Renison determines, for reasons other than those set out in sub-clause (1), to cease operations at the mine prior to 1st July 1988, it will pay the additional royalty referred to in Clause 5 (3).

- (3) Provided always that Renison's covenants and commitment to continue mining under this Deed shall not be discharged unless and until Renison has entered into and engaged in full consultation with the Treasurer.

GENERAL

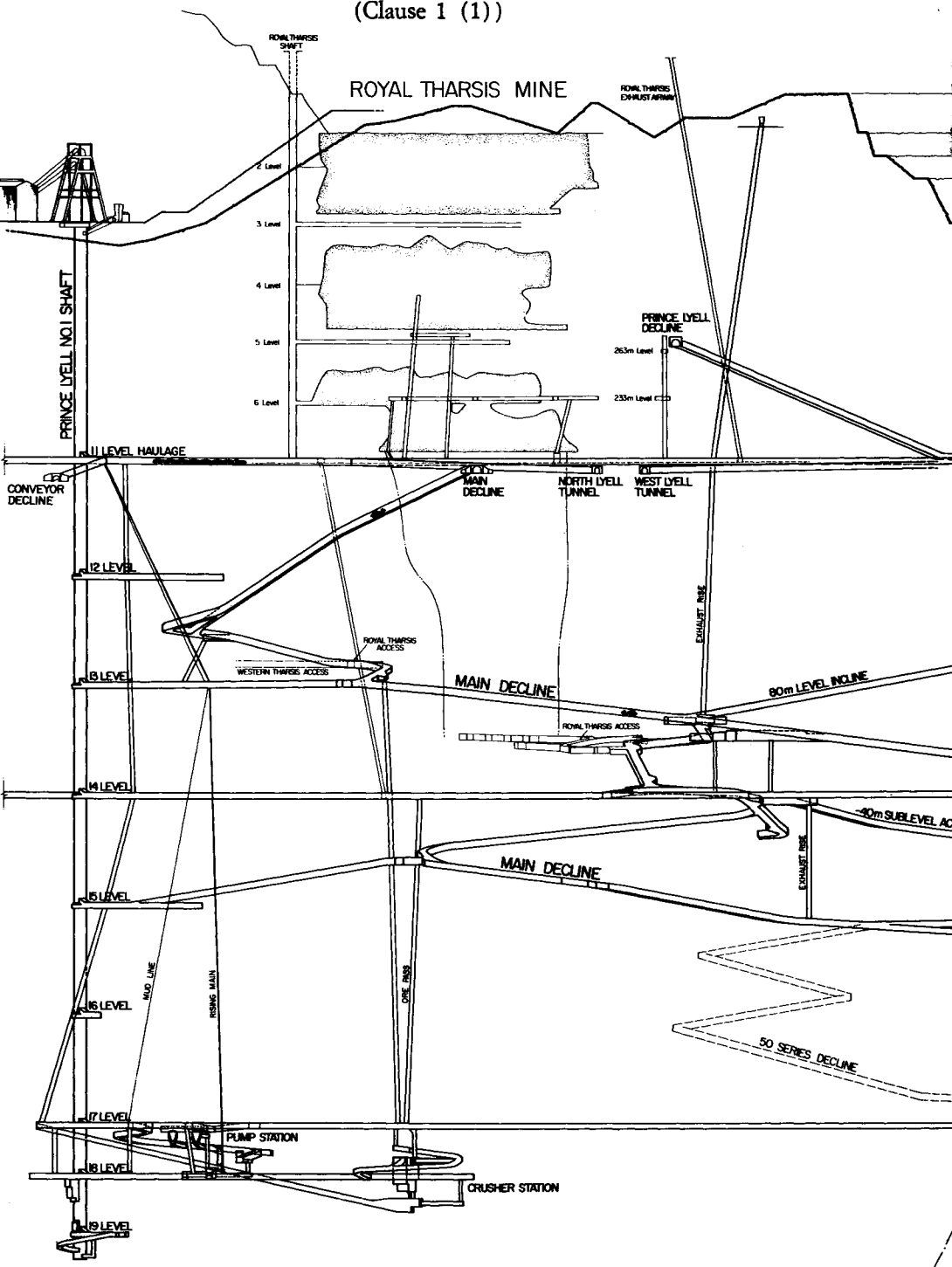
7. (1) (i) This Deed and all ancillary matters relating thereto shall be governed by and construed in accordance with the law for the time being of the State of Tasmania.
- (ii) Any dispute or difference arising out of this Deed shall be referred to Arbitration pursuant to the provisions of the Arbitration Act 1892 of the State of Tasmania or any statutory modification or re-enactment thereof for the time being in force.
- (2) Copies of Renison's statements of revenue and expenditure financial and other information as required by Clause 4 shall be transmitted by certified post to
- The Under Treasurer,
State Treasury,
Executive Building,
Franklin Square,
Hobart.

SCHEDULE 1

(Clause 2 (1) (iii))

DATE	NUMBER OF EMPLOYEES
As at 30. 6.85	538
31.12.85	535
30. 6.86	523
31.12.86	522
30. 6.87	493
31.12.87	402
30. 6.88	372
31.12.88	348
30. 6.89	331

SCHEDULE 2
(Clause 1 (1))



PRINCE LYELL MINE

STH EXHAUST AIRWAY

10 SERIES

20 SERIES

30 SERIES

40 SERIES

50 SERIES

60 SERIES

PL 402

RL 304

RL 200

RL 108

On

RL-10

R1-20

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SCHEDULE 3
(Clause 6 (1) (ii))

FINANCIAL YEAR	COPPER PRICE EQUIVALENT
1984/85	\$1 704
1985/86	\$1 704
1986/87	\$1 729
1987/88	\$1 729
1988/89	\$1 730

SCHEDULE 4

(Clause 3 (1) (xi))

PERIOD	LEVEL OF CAPITAL EXPENDITURE
6/2/85 to 30/6/85	\$ 552 000
1/7/85 to 30/6/86	\$3 629 000
1/7/86 to 30/6/87	\$ 329 000
1/7/87 to 30/6/88	\$ 10 000

IN WITNESS WHEREOF these presents have been duly executed the day and year first hereinbefore written.

SIGNED SEALED AND DELIVERED by
THE HONOURABLE ROBIN TREVOR
GRAY being and as the Treasurer for the
time being of the State of Tasmania in the
presence of:—

} ROBIN GRAY
Treasurer

BRIAN H. BURKETT
Crown Solicitor

THE COMMON SEAL of RENISON
LIMITED was hereunto affixed by
authority of the Directors in the presence
of:—

} B. E. WACHOPE
Director

J. G. MITCHELL
Secretary

THE COMMON SEAL of THE MOUNT
LYELL MINING AND RAILWAY COM-
PANY LIMITED was hereunto affixed by
authority of the Directors in the presence
of:—

} LEONARD W. SKELTON
Director
C. N. DAVISON
Director

J. M. McCRORY
Secretary