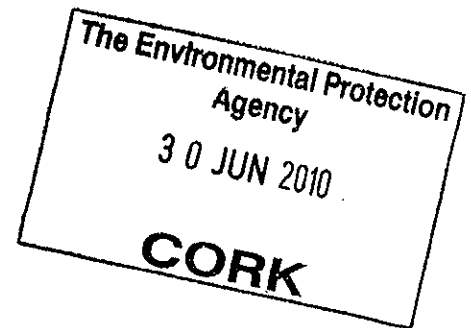




GALMOY  
MINES  
lundin mining

Pól Ó' Seasnáin,  
Regional Inspectorate,  
Environmental Protection Agency,  
Inniscarra,  
Co. Cork.

29<sup>th</sup> June 2010




**Re: Memorandum of Understanding (Signed Original)**

Dear Mr. Ó' Seasnáin,

Please find enclosed the one of the four signed original copies of the Memorandum of Understanding.

If you have any queries, please do not hesitate to contact us.

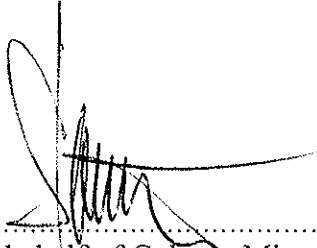
Yours sincerely,

  
John Stapleton  
Environmental Superintendent

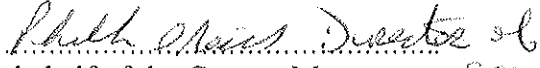
\_\_\_\_\_  
Stefan Månsson  
MD/Mine Manager




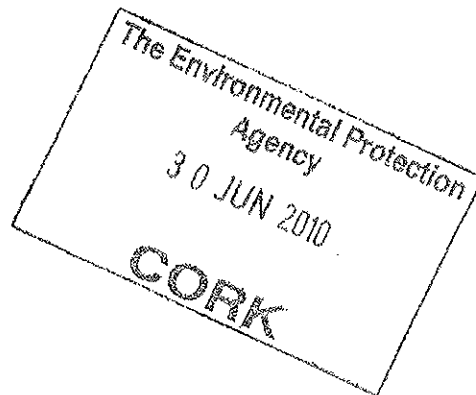
We the undersigned hereby accept the Attached **MEMORANDUM OF UNDERSTANDING** re (1) Annual Review of Mine Closure Plan, (2) Quarterly Provision and (3) Quarterly Reimbursement Requests, dated this 28<sup>th</sup> day of *June 2010*



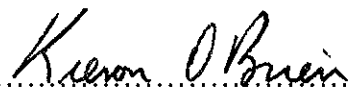
.....  
On behalf of Galmoy Mines Ltd



.....  
On behalf of the County Manager, *Services*  
Kilkenny Co Council



.....  
On behalf of the Minister for,  
Communications, Energy and Natural  
Resources



.....  
On behalf of the Environmental  
Protection Agency

**MEMORANDUM OF UNDERSTANDING** re (1) Annual Review of Mine Closure Plan, (2) Quarterly Provision and (3) Quarterly Reimbursement Requests.

This Memorandum of Understanding made the 28th day of *June 2010*

Between

**Galmoy Mines Limited** of Galmoy, County Kilkenny (hereinafter called "Galmoy") of the One Part,

**Kilkenny County Council** of County Hall, John Street, Kilkenny (hereinafter called "the Council") of the Second Part,

**The Minister for Communications, Energy and Natural Resources** of Beggars Bush, Haddington Road, Dublin 4 (hereinafter called "the Minister") of the Third Part and

**The Environmental Protection Agency** of P.O. Box 3000, Johnstown Castle Estate, County Wexford (hereinafter called "the E.P.A.") of the Fourth Part.

**WHEREAS:-**

This Memorandum of Understanding relates to a zinc mine operated by Galmoy at or near Galmoy Village, County Kilkenny, pursuant to authorisations granted by the Regulators (hereinafter referred to as the "Mine", which for the purpose of this Memorandum of Understanding shall include its worked out areas and its waste, tailings management facility and other facilities and works erected thereon together with the pipelines connected thereto).

This Memorandum of Understanding is not intended to create or modify any legal rights of any of the parties hereto, or to give rise to any legal or enforceable obligation. If any party disagrees with anything done, or proposed to be done, under this Memorandum of Understanding, the parties agree to enter into negotiations with a view to resolving the

matter and, if no agreement can be reached, the matter shall be decided as if this Memorandum of Understanding had never been concluded.

1. The following definitions shall apply to this Memorandum of Understanding;

“Authorisations” shall mean such planning permissions, State Mining Licences, I.P.P.C. Licences or other authorisations as the context demands, including all subsequent amendments thereto and reservations thereof under which Galmoy is permitted to carry on mining operations and related activities in respect of the Mine.

“Financial Security” shall mean the Mine Closure Fund Deposit Account set up in accordance with the Bond and Supplemental Agreement both dated 3rd February 1995 as amended by the Supplemental Indenture made on 23 May 2008, or such other form of financial instrument as may be agreed, which Galmoy has put in place to ensure that it is at all times in compliance with the financial conditions of the planning permissions, State Mining Licences, I.P.P.C. Licences or other authorisations as the context demands.

“Regulators” shall mean the public bodies with legal authority to permit and control the operation and impact of the Mine and shall include the Council, the Minister, and the E.P.A and their successors or assigns.

“Mine Closure Committee” shall mean the Committee, the nature of which was agreed at a meeting between Galmoy and the Regulators held at Kilkenny on 11<sup>th</sup> March 2008 which said Committee shall function as a liaison and communication forum. It is agreed that Galmoy will arrange and chair the meetings of the Mine Closure Committee.

“Mine Closure Costs” shall mean the costs of complying with the Authorisations and all relevant Legislation which arise in relation to carrying out mine closure and rehabilitation in accordance with the approved Mine Closure Plan including aftercare.

“Mine Closure Plan” means a plan prepared by Galmoy and submitted to and agreed by the Regulators detailing all actions to be taken by Galmoy in relation to closure of the Mine for the purpose of complying with the requirements of the Authorisations and relevant legislation.

“Programme of Works” means the works planned to be carried out in any year pursuant to and within the framework of the Mine Closure Plan; a Quarterly Programme of Works shall be construed accordingly.

2. Under the Authorisations, Galmoy has provided financial security to the Regulators to guarantee payment of the Mine Closure Costs. The Regulators have confirmed that there is provision in the authorisations to allow an increase or decrease in the amount of the Financial Security from time to time to reflect changes to the Mine Closure Costs (as set out in the Mine Closure Plan) which may be agreed by the parties.
3. This Memorandum of Understanding concerns the procedure that shall be used in an annual review of the said Financial Security (which said review is hereinafter referred to as the “Annual Review”) and for the release of any surplus or enhancement of the financial security in accordance with such an Annual Review. The Memorandum also sets out the procedure to be used for the quarterly provision and the quarterly reimbursement requests.

#### *Annual Review Procedure*

4. The Annual Review procedure shall consist of;
  - (a) Preparation and submission at the beginning of the first quarter in each year in respect of the previous calendar year of :
    - i. an annual review statement (hereinafter referred to as the “Annual Review Statement”) by or on behalf of Galmoy for agreement and approval by the Regulators setting out, in the manner prescribed at Appendix 3, what parts of the Mine Closure Plan (the April 2010 version being summarised in Appendix 1) have been complied with and what further or additional actions need to be taken to comply with the Authorisations;
    - ii. a proposal, set out in the manner prescribed at Appendix 4, by Galmoy regarding the updated projected Mine Closure Costs;

- (b) an assessment by the Regulators of the Annual Review Statement in the context of the overall Mine Closure Plan;
  - (c) an individual determination by each of the Regulators in relation to aspects of Mine Closure which fall within their individual competences on any adjustment of the financial security which is merited;
  - (d) formal communication of the determinations in a document collated by the E.P.A.;
  - (e) an agreement between Galmoy and the Regulators with regard to the Annual Review Statement;
  - (f) a reconciliation of the Mine Closure Costs and the Financial Security, set out in the manner prescribed at Appendix 5.
5. The Annual Review Statement shall consider issues relating to Mine closure and remediation and prevention of environmental pollution from the Mine and shall give particular regard to:
- (a) the Mine Closure Plan which is currently in being and which Galmoy shall update each year for the purposes of the Annual Review Statement;
  - (b) the mining operations and related activities conducted at the Mine during the year since the previous review;
  - (c) whether such operations have increased or reduced the actual or potential risks posed by the Mine and the costs of preventing or mitigating them;
  - (d) any progress achieved in environmental rehabilitation since the previous review;
  - (e) matters within the Mine Closure Plan which have been certified as completed during the year since the previous review.
  - (f) The Programme of Works for the coming year, set out in the manner of Appendix 2;
    - i. This Programme of Works would include:

1. a breakdown of the Programme on a Quarterly basis, with detailed proposals of the packages of works planned to be done in each Quarter and the cost allocations of each package of work;
  2. clear and measurable objectives and criteria for completion of the work packages;
  3. details of the independent engineering, Quality Assurance and financial certification to be submitted along with the Quarterly Reimbursement Request (Appendix 6).
6. Taking account of the above, the Annual Review Statement will be accompanied by a proposal regarding the updated projected Mine Closure Costs (set out in the manner prescribed at Appendix 4).
7. Each Regulator shall consider the Annual Review Statement and proposal regarding the updated projected Mine Closure Costs and then will make a determination on the matters within its individual competence. In reaching their determinations the Regulators shall make:
- (a) an assessment of the risks currently posed by the Mine with reference to the Mine Closure Plan and in comparison to the situation at the time of the previous annual review;
  - (b) an assessment of the outstanding liabilities and likely costs of the measures required to ensure compliance with the Authorisations and with the relevant legal provisions and compliance with the Mine Closure Plan;
  - (c) an assessment of any changes which should be made to and incorporated into the Mine Closure Plan as a result;
  - (d) a reckoning of the net amount by which the Financial Security should be adjusted to reflect these costs by augmentation to reflect an increase in the total Mine Closure Costs e.g. as a result of mining operations in the year or a period under review, and by



reduction to reflect the reduction in the Mine Closure Costs, e.g. as a result of rehabilitation works undertaken in the year or period under review.

8. Each Regulator shall submit to the E.P.A. their determinations for collation into a single document for formal communication to Galmoy at the concluding meeting of the Mine Closure Committee referred to at Clause 15.
9. If the amount of the adjustment permits a reduction in the Financial Security the Regulators shall give Galmoy a letter in the form set out in Appendix 8 hereto authorising the holder of the Financial Security to release a stated portion of it.
10. If the amount of the adjustment requires an increase in the Financial Security, Galmoy shall pay the amount within one month (or such other times as may be agreed) and shall agree that the holder of the Financial Security immediately provide written confirmation to the Regulators of the receipt of the required payment.
11. Galmoy will call a first Annual Review meeting of the Mine Closure Committee in the second week of January of any given year or other nearby dates suitable to all parties, at which their Annual Review Statement and proposal for adjustment to the Financial Security will be presented and discussed.
12. Each Regulator will subsequently consider the submissions and discussions and will make its determination. This shall include a formal opinion regarding the adjustment of the Financial Security as the Regulator deems appropriate.
13. Each Regulator will revert to the EPA with its individual determination. The EPA will collate these into one document and will distribute this document by the end of the second week in February or other nearby dates suitable to all parties.
14. The process of making the determinations will involve informal contacts between all of the parties for the clarification of issues.
15. A concluding meeting of the Mine Closure Committee shall be held on or before 21<sup>st</sup> February or another nearby date suitable to all parties in any given year for the following purposes:

- (a) to formally communicate to all parties the determinations of the Regulators with regard to the Annual Review Statement;
- (b) to formally agree the adjustment, if any, which shall be made to the Financial Security;
- (c) where Clause 10 applies, to formally agree the date by which Galmoy shall pay the required amount into the account;
- (d) where Clause 9 applies, sign the letter of agreement (using the format set out at Appendix 8) enabling the reduction of the Financial Security.

*Quarterly Provision and Quarterly Reimbursement Procedure*

- 16. Each party shall nominate a person plus two substitutes to authorise drawdown from the Mine Closure Fund on behalf of that party. The names, together with examples of signatures, of the persons nominated shall be communicated to the Bank by official letter.
- 17. At the start of each Quarter, a Quarterly Provision shall be confirmed by the Regulators to Galmoy for communication to the Bank (using the template format set out at Appendix 9), which shall be authorised to, at the beginning of each month in the quarter, place a third of the agreed amount in a separate current account. The monies in that separate current account shall be available for drawdown by Galmoy for expending on works pursuant to the Quarterly Programme of Works for the coming quarter without further reference to the Regulators.
- 18. The amount of the Quarterly Provision shall be determined by the Regulators with regard to the proposed costed Programme of Works for the year ahead.
- 19. At the end of each quarter, Galmoy will submit to the Regulators the Quarterly Reimbursement Request and the accompanying documents in respect of that quarter, set out in the manner prescribed at Appendix 6. This submission will be assessed by the Regulators on the basis of a summary analysis of:
  - 1. The Quarterly Programme of Works for that quarter;

2. Elimination of cost elements within the overall Mine Closure Plan budget;
  3. Assessment of acceptability of the independent certification;
  4. Completeness of information submitted.
20. On the basis of this assessment, the Regulators shall determine whether and to what extent the Quarterly Programme of Works has been achieved, and shall determine the proportion of the sum requested in the Quarterly Reimbursement Request, up to and including 100% thereof and taking into account the amount of the Quarterly Provision, that will be released to Galmoy in reimbursement of the costs incurred in that quarter.
21. If the Quarterly Reimbursement Request is considered satisfactory, the authorised signatories shall within four weeks of the receipt of the request formally sign off on the Quarterly Reimbursement Request for communication to the Bank (using the format set out at Appendix 10).
22. If any issues arise in relation to the content of the Quarterly Reimbursement Request, these shall be discussed between the relevant parties who shall endeavour to resolve the matter, by correspondence or by interim meetings as appropriate, before formal sign off.

*Review Mechanism:*

23. If any party disagrees with anything done, or proposed to be done, under this Memorandum of understanding, the parties agree to enter into discussions with a view to resolving the matter. If no agreement can be reached, the matter shall be decided as if this Memorandum of Understanding had never been concluded.
24. Notwithstanding the foregoing, if Galmoy wish to review the decision of a Regulator, Galmoy shall write to the nominated senior person in the relevant Authority stating the issue for review. Each Regulator shall nominate a Senior Person (and substitutes) to consider any review that may be lodged by Galmoy.
25. The Senior Person shall review the issue and shall have regard to the Annual Review Statement, the Programme of Works, the Quarterly Reimbursement Requests and any

relevant correspondence or associated documentation, e.g. the Auditor's statement (which shall be set out in the manner of Appendix 7).

26. The Senior Person may informally consult with such persons as he or she deems appropriate in reviewing of the issue.
27. At his or her sole discretion, the Senior Person may call a hearing of all Parties to consider the review. The Senior Person shall decide the format and procedure for such a hearing and shall inform all the parties of the format and procedure prior to the hearing.
28. The person shall issue his/her decision within 2 weeks in so far as is reasonably practicable of receipt of the review or the hearing as may be the case to Galmoy and the other Regulators.
29. The decision of the Senior Person in respect of the review shall be final.
30. Galmoy shall comply with the decision of the Senior Person.
31. Each party shall bear its own costs, if any, in respect of the review.

TABLE 1

**Summary of Schedule for the Annual Review of the Status of Mine Closure and the Closure and Rehabilitation Fund in respect of Galmoy Mines Ltd**

<b>Date</b>	<b>Item</b>
6 January or nearest convenient date	Submission of Annual Review Statement, Programme of Works and Proposals for update of Mine Closure Costs and adjustment to Financial Security by Galmoy.
14 January or nearest convenient date	First Annual Review meeting of the Mine Closure Committee.
On or before 14 February or nearest convenient date	Individual Determinations of the Regulators.
On or before 21 February or nearest convenient date	Second Annual Review meeting of the Mine Closure Committee.
26 February or nearest convenient date	Formal date for reconciliation and update of Mine Closure Costs and the financial security.  Letter by the Regulators authorising release of restricted cash if reduction is agreed.
On or before 1 April or other date if agreed	Payment by Galmoy of required amount if increase in the Financial Security is required.

TABLE 2

**Summary of Schedule for the Quarterly reimbursement procedure in respect of Galmoy Mines Ltd**

<b>Date</b>	<b>Item</b>
1 January or nearest convenient date	Confirmation by the Regulators of Quarterly Provision to Galmoy for Q1 and communication to the Bank
27 January	Submission of Quarterly Reimbursement Request for Q4 of previous year together with Auditor's statement by Galmoy.
24 February or nearest convenient date	Meeting of all parties to sign off the Quarterly Reimbursement Request for previous quarter.
24 February or nearest convenient date	Letter by the Regulators authorising release of restricted cash.
1 March or nearest convenient date	Confirmation by the Regulators of Quarterly Provision to Galmoy for Q2 and communication to the Bank
21 April	Submission of Quarterly Reimbursement Request for Q1 of current year together with Auditor's statement by Galmoy.
19 May or nearest convenient date	Meeting of all parties to sign off the Quarterly Reimbursement Request for Q1.
19 May or nearest convenient date	Letter by the Regulators authorising release of restricted cash.
On or before 21 May or nearest convenient date	Second Annual Review meeting of the Mine Closure Committee.
26 May or nearest convenient date	Formal date for reconciliation and update of Mine Closure Costs and the financial security.
1 June or nearest convenient date	Confirmation by the Regulators of Quarterly Provision to Galmoy for Q3 and communication to the Bank

<b>Date</b>	<b>Item</b>
14 July	Submission of Quarterly Reimbursement Request for Q2 together with Auditor's statement by Galmoy.
11 August or nearest convenient date	Meeting of all parties to sign off the Quarterly Reimbursement Request for Q2.
11 August or nearest convenient date	Letter by the Regulators authorising release of restricted cash.
1 September or nearest convenient date	Confirmation by the Regulators of Quarterly Provision to Galmoy for Q4 and communication to the Bank
13 October	Submission of Quarterly Reimbursement Request for Q3 together with Auditor's statement by Galmoy
10 November or nearest convenient date	Meeting of all parties to sign off the Quarterly Reimbursement Request for Q3.
10 November or nearest convenient date	Letter by the Regulators authorising release of restricted cash.

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MIANAIGH GHABHALMHAICH TEORANTA

MOU  
Annual review of Mine Closure Plan  
Quarterly Provision  
Quarterly Reimbursement Request

## Templates for Appendices





## GALMOY MINES LTD

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Quarterly Provision  
Quarterly Reimbursement Request

### Appendix 1

Template for;

## Summary of Mine Closure Plan

(content page/full doc available)



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## Mine Closure Plan Summary

Galmoy Mines Ltd; 16.04.10

KOB

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## GALMOY MINES LTD

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Annual review of Mine Closure Plan  
Quarterly Provision  
Quarterly Reimbursement Request

Appendix 2  
Template for;  
**Programme of works**





## Summary 201X

Area	Main Activities	CRAMP Area	Q1	Q2	Q3	Q4	201X
Phase 1	Drainage	25	100	100			200
	Walls and Liners	25					0
	Surface	25		100			100
	Landscape - Fence	25					0
	Estimated Expenditure	25	100	200	0	0	300
Phase 2	Drainage	26		90	100	100	290
	Walls and Liners	26					0
	Surface	26					0
	Landscape - Fence	26					0
	Estimated Expenditure	26	0	90	100	100	290
Phase 3	Redistribution	27			100		100
	Drainage	27					0
	Walls and Liners	27					0
	Surface	27					0
	Landscape - Fence	27					0
	Estimated Expenditure	27	0	0	100	0	100
TMF	Estimated Expenditure, total	25 - 27	100	290	200	100	690
Mine Site	Dismantling						
	Effluent water ponds and Goul pump house	1			10		10
	Main Sub station	2					0
	Water distribution pump house	3	10				10
	Truck Wash,load out and compressor room	4					0
	Zinc Thickener	5,1	10				10
	Backfill Thickener	5,2	10	10			20
	Water Treatment	5,3	10	10			20
	AST	5,4		10			10
	Mill floor 1	5,5		10			10
	Mill floor 2	5,6		10			10
	Mill floor 3	5,7		10			10
	Pyrite Flotation	5,8				10	10
	Reagent area	5,9				10	10
	Lead Thickener	5,1				10	10
	MCC Room	5,11					0
	Cable Room	5,12				10	10
	Mill Offices	5,13					0
	Teepee, conveyors and surroundings	6					0
	Workshops Farm House	7					0
	IIE and surroundings	8			10		10
	Workshops	9			10		10
	Wash and Fuel bay	10			10		10
	Hilux Parking and Mine Portal	11					0
	Tamrock and Electrical WS	12					0
	Land Areas	13					0
	Magazine	17					0
	Admin Building	18					0
	New Ross	19					0
	Augmentation	32					0
	Nuclear sources	28					0
	Water wells	29					0
MS Dismantling	Estimated Expenditure	1 to 29	40	50	40	40	170
Mine Site	Landscaping						
	Effluent water ponds and Goul pump house	1					0
	Main Sub station	2					0
	Water distribution pump house	3					0
	Truck Wash,load out and compressor room	4					0
	Zinc Thickener	5,1					0
	Backfill Thickener	5,2					0
	Water Treatment	5,3					0
	AST	5,4				10	10
	Mill floor 1	5,5				10	10
	Mill floor 2	5,6				10	10
	Mill floor 3	5,7				10	10
	Pyrite Flotation	5,8				10	10
	Reagent area	5,9					0
	Lead Thickener	5,1					0
	MCC Room	5,11					0
	Cable Room	5,12					0
	Mill Offices	5,13					0
	Teepee, conveyors and surroundings	6					0
	Workshops Farm House	7					0
	IIE and surroundings	8					0
	Workshops	9					0
	Wash and Fuel bay	10					0
	Hilux Parking and Mine Portal	11					0
	Tamrock and Electrical WS	12					0
	Land Areas	13					0
	Magazine	17					0
	Admin Building	18					0
	New Ross	19					0
	Augmentation	32					0
	Nuclear sources	28					0
	Water wells	29					0
MS Landscaping	Estimated Expenditure	1 to 29	0	0	0	50	50
Mine Site	Estimated Expenditure, total	1 to 29	40	50	40	90	220
Underground	Mine CW	20					0
	Mine CWS + R	21					0
	Mine G + K23	22					0
	Mine K	23		10	10	10	30
	Mine Infrastructure	24					0
U/G	Estimated Expenditure, total		0	10	40	40	90
Programme of Works			Q1	Q2	Q3	Q4	201X
TMF/MS/U/G	Estimated Expenditure, total		140	350	280	230	1000

Electronix HD, Ultra-compact, Double-MC, Core, Apr

KOB



Mine Closure Project; MOU App: 2.2  
Programme of works 201X  
**Total Annual Review Statement**  
Cost Projection



**CRAMP**

**Area 1**

**Effluent water ponds and Goul pump house**

Objectives	Success Criteria	Completion Schedule	Annual Programme of works	Projected Expenditure, k€					Monitoring / Certification
				Q1	Q2	Q3	Q4	Tot 201X	
Remove solid material settled at the base of Effluent ponds and pump it to Phase 3 TMF	Liquid/solid waste material removed/pumped to TMF	Completion end 201X	Removal of 50% of the solids	10		10	10	30	Joe Bloggs Engineering Co
Demolition of River Goul pumphouse Concrete to be used as backfill	Equipment sold or scrapped	Completion end 201Y	Demolition to 25%					10	Joe Bloggs Engineering Co
Removal of River Goul outlet and plugged at both ends	Concrete recycled as backfill	Completion end 201Y	na					0	Competent 3d party not identified
Rehabilitate to forestry end use (rehab and Land use delt with in Area 13)		na	na					0	na
<b>Programme of Works</b>				Q1	Q2	Q3	Q4	Tot 201X	
<b>Effluent water ponds and Goul pump house</b>				10	0	10	10	40	
<b>Estimated Expenditure, total</b>									



KBS



### App 2.3

#### Details of the independent engineering, Quality Assurance and Financial certification

Interim observations are made by the auditors during their site visit at the end of each quarter. These observations are reflected in the Auditors Statement (App. 7).

The observations are based on the progress of work achieved from the previous audit and provide a statement of the quality of the work undertaken in the intervening period.

The Company has undertaken to carry out all the mine closure works within the various areas according to CRAMP in a planned sequence. Final rehabilitation of all of these areas can only be achieved on completion of the decommissioning, dismantling and demolition processes.

Certification that works have been completed and are of the required standard will be issued by Galmoy Mines personnel or by a third party as and when each Mine Closure Plan Task Area has been completed.

Final verification of rehabilitation will be undertaken by a third party once all areas have been rehabilitated (including area 13). Therefore this appendix (2.3) can only be submitted at the final stages of rehabilitation as it will reflect tasks completed rather than a time based approach.

KOB





## GALMOY MINES LTD

MHANAICH GHABHALMHAICH TEORANTA

MOU  
Annual review of Mine Closure Plan  
Quarterly Provision  
Quarterly Reimbursement Request

### Appendix 3

Template for;  
**Annual review statement**

## App 3

### Annual Review Statement

#### List of content (according to article 5 of MOU)

- 1 Updated Mine Closure Plan
- 2 Mining and related activities during the year
- 3 Impact to Mine Closure Plan from mining and related activities
- 4 Progress relating to Environmental Rehabilitation
- 5 Certified matters during the year
- 6 Programme of works for the coming year



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### Appendix 4

Template for;  
**Proposal regarding  
Updated Mine Closure Costs**



# GALMOY MINES LTD

MIANAIGH CHABHALMHAIGH TEORANTA

## Mine Closure Costs Update Month 201X

Name Surname

MD Galmoymine Ltd

201X-XX-YY





## GALMOY MINES LTD

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### Appendix 5

Template for;

## Reconciliation of Mine Closure Costs and Financial Security



# Reconciliation of Closure Costs and Financial Security at the Annual Review (Tracker)

This table provides a template for the tracking of the decisions around the reconciliation at the end of each Annual Review of the Mine Closure Plan in respect of Galmoy Mines Ltd.

Example

**Annual review 2002** (values for illustration purpose only)

## A) Financial Security (Restricted Cash) at the time of the Previous Annual Review (in the example, the 2001 Annual Review)

		€	
1	Financial Security (Restricted Cash) at the time of the 2001 Annual Review, carried forward	1 000 000	
2	Drawdown from Financial Security (Restricted Cash) during Closure Year 2002 as approved under the Quarterly Drawdown Process	100 000	
3	Annual Review 2002 "Starting" Financial Security Balance	900 000	(1-2)
<b>B) Assessment of Reduction and addition to Closure Costs due to activities in the Closure Year under Review (in the example, 2002):</b>			
4	Financial Security (Restricted Cash) at the time of the 2001 Annual Review, carried forward	1 000 000	
5	Reduction in Closure Costs during Closure Year 2002 (Elimination of liabilities via Closure Works undertaken in Closure Year 2002)	100 000	
6	Addition to Closure Costs during Closure Year 2002 (Additional liabilities due to mining operations and related activities in Closure Year 2002) [This value is Negative = INCREASE in Closure Costs]	(50 000)	
7	Net Change in Closure Costs during Closure Year 2002: Sum of Reduction and Addition	50 000	(5+6)
8	Mine Closure Costs at Annual Review 2001 less Net Change in Closure Costs during Closure Year 2002: Mine Closure Costs at Annual Review 2002	950 000	(4-7)
<b>C) Reconciliation of Mine Closure Costs at Annual Review (in the example, Annual Review 2002)</b>			
9	Reconciliation of Mine Closure Costs at Annual Review 2002: "Starting" Financial Security Balance at Annual Review 2002 less Mine Closure Costs at Annual Review 2002	(50 000)	(3-8)
10	Action date of Reconciliation of Mine Closure Costs at Annual Review 2002	2003-04-01	

If the amount of the adjustments permits a reduction in the Financial Security the Regulators shall give Galmoy a letter in the form set out in Appendix 8 hereto authorising the holder of the Financial Security to release a stated portion of it.

If the amount of the adjustment requires an increase in the Financial Security, Galmoy shall pay the amount within one month (or such other times as may be agreed) and shall agree that the holder of the Financial Security immediately provide written confirmation to the Regulators of the receipt of the required payment.

## Definitions

### Closure Year

Closure Year runs from 01 Jan to 31 Dec, corresponding to the date of finalisation of the current Annual Review Process  
The example refers to the Annual Review for 2002, which is to be completed and agreed by 31 Dec 2002

### Closure Year under review

This is the Closure Year being reviewed, that is the year just ending  
In the example, this is Closure Year 2002, which runs from 1 Jan 2002 to 31 Dec 2002.

### Forthcoming Closure Year

This is the Closure Year which commences at the Annual Review date.  
In the example, this is Closure Year 2003, which runs from 1 Jan 2003 to 31 Dec 2003.

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# **GALMOY MINES LTD**

MIANAIGH GHABHALMHAIGH TEORANTA

MOU  
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## **Appendix 6** Template for; **Quarterly reimbursement request**



Pól Ó' Seasnáin,  
Regional Inspectorate,  
Environmental Protection Agency,  
Inniscarra,  
Co. Cork.

Date: XX/XX 201X

**Re: Official Request for Drawdown of funds (Mth- Mth 201X)**

Dear Mr. Ó'Seasnáin,

Galmoy Mines Ltd formally requests the Authorities to sanction the release of funds in the amount of X€ as per the Nolan Ryan Tweed, Monitoring Report No X (Mth - Mth 201X) enclosed.

Galmoy Mines Ltd, Mine Closure Activity Report is also enclosed and supports this audit report.

If you have any queries, please do not hesitate to contact us.

Yours sincerely,

Stefan Mansson  
MD  
Galmoy Mines Ltd

John Stapleton  
Environmental Superintendent  
Galmoy Mines Ltd

KaB



**GALMOY MINES LTD**  
MÍANAIGH GHABHALMHAIGH TEORANTA

**Mine Closure Activity Report**  
**No: X**  
QX, Mth - Mth; 201X

**Name Name**  
Project Leader  
Mine Closure Planning  
**Name Name**  
Environmental Supt.  
XX-XX-201X

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1	Introduction	3
2	Comments and Progress Area 30 (Operation/Admin)	3
3	Comments and Progress Area 1-29	3

#### Appendices

1	MC Project Time Schedule
2	Area Map and list
3	Cost summary Area 30 Operation - Administration
4	Cost summary Area 1 - 29
5	Area 1- 29 Cramp Master- and Sub cards



## GALMOY MINES LTD

MIANAIGH GHABHALMHAIGH TEORANTA

MOU  
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Quarterly Reimbursement Request

Appendix 7  
Template for;  
**Auditors statement**





part of the **WYG** group

## MINE CLOSURE WORKS

at

**GALMOY, CO. KILKENNY**

**MONITORING REPORT  
NO. 1**

10 Ormonde Street, Kilkenny  
Tel: +353 (0)56 7762 633  
Fax: +353 (0)56 7763 800  
Email: [Kilkenny@nrt.ie](mailto:Kilkenny@nrt.ie)  
Website: [www.nrt.ie](http://www.nrt.ie)

creative minds safe hands

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## Monitoring Report No. x for Mine Closure Works at Galmoy, Co. Kilkenny

Section	Page No.
1. Introduction and Background	3
2. Scope of Works	3
3. Budget Mine Closure Costs (May 2009)	4
4. Methodology for Verifying Expenditure and Progress – CRAMP database	4
5. Methodology for Verifying Expenditure and Progress – Site Visit	5
6. Review of Work Completed and Expenditure Incurred to Date (month X 20XX – month Y 20XX)	6
7. Payments Received to Date	9
8. Summary and Recommended Drawdown this Period	9



## GALMOY MINES LTD

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Appendix 8  
Template for;  
**(Annual) Reduction of  
the Financial Security**

## APPENDIX 8

### Template Letter: (Annual) Reduction of the Financial Security

Bank of xxxxx

Attention: xx xx

Dated: [●]

BY COURIER/REGISTERED POST

Kilkenny County Council ("the Council"), the Minister for Communications, Energy and Natural Resources ("the Minister") and the Environmental Protection Agency ("the Agency") hereby consent to release by you to Galmoy Mines Ltd, ("Galmoy") of the sum of €[●] standing for the credit of the Mine Closure Fund Deposit Account:

Account no. xxxx xxxx

IBAN xxx xxx

maintained by you pursuant to Planning Bond and Agreement re: Mine Closure Fund Deposit Account both made on 3<sup>rd</sup> February 1995 between Arcon Mines Ltd (now Galmoy) of the First Part, ICC Bank PLC (now Bank of Scotland (Ireland) Limited) of the second part, the Council of the Third Part and the Minister for Transport, Energy and Communications of the Fourth Part (now succeeded by the Minister for Communications, Energy and Natural Resources) as extended and amended by a supplemental indenture executed on 22 May 2008 between the successors of the aforesaid parties and by the Environmental Protection Agency.

etc.

Signed

\_\_\_\_\_  
On behalf of the County Manager,  
Kilkenny Co Council

\_\_\_\_\_  
On behalf of the Minister for  
Communications, Energy and Natural  
Resources

\_\_\_\_\_  
On behalf of the Environmental Protection  
Agency

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## GALMOY MINES LTD

MIANAIGH GHAEHALMHAIGH TEORANTA

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### Appendix 9 Template for; Quarterly Provision Advance

## APPENDIX 9

### Template Letter: Quarterly Provision Advance

Bank of xxxxx

Attention: xx xx

Dated: [●]

BY COURIER/REGISTERED POST

Kilkenny County Council ("the Council"), the Minister for Communications, Energy and Natural Resources ("the Minister") and the Environmental Protection Agency ("the Agency") hereby consent to release by you to Galmoy Mines Ltd, ("Galmoy") of the sum of €[●] standing for the credit of the Mine Closure Fund Deposit Account:

Account no. xxxx xxxx

IBAN xxx xxx

maintained by you pursuant to Planning Bond and Agreement re: Mine Closure Fund Deposit Account both made on 3rd February 1995 between Arcon Mines Ltd (now Galmoy) of the First Part, ICC Bank PLC (now Bank of Scotland (Ireland) Limited) of the second part, the Council of the Third Part and the Minister for Transport, Energy and Communications of the Fourth Part (now succeeded by the Minister for Communications, Energy and Natural Resources) as extended and amended by a supplemental indenture executed on 22 May 2008 between the successors of the aforesaid parties and by the Environmental Protection Agency,

and its transfer into the mine closure drawdown deposit account of Galmoy Mines Limited in Bank yyyy,

Account no. yyyy yyyy

Sort Code 00 00 00

IBAN yyy yyy

for drawdown of funds by Galmoy Mines Limited in respect of works to be carried out pursuant to the Mine Closure Plan.

etc.

Signed

\_\_\_\_\_  
On behalf of the County Manager,  
Kilkenny Co Council

\_\_\_\_\_  
On behalf of the Minister for  
Communications, Energy and Natural  
Resources

\_\_\_\_\_  
On behalf of the Environmental Protection  
Agency

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### Appendix 10 Template for; Quarterly Reimbursement

## APPENDIX 10

### Template Letter: Quarterly Reimbursement

Bank of xxxxx

Attention: xx xx

Dated: [●]

BY COURIER/REGISTERED POST

Kilkenny County Council ("the Council"), the Minister for Communications, Energy and Natural Resources ("the Minister") and the Environmental Protection Agency ("the Agency") hereby consent to release by you to Galmoy Mines Ltd, ("Galmoy") of the sum of €[●] standing for the credit of the Mine Closure Fund Deposit Account:

Account no. xxxx xxxx

IBAN xxx xxx

maintained by you pursuant to Planning Bond and Agreement re: Mine Closure Fund Deposit Account both made on 3<sup>rd</sup> February 1995 between Arcon Mines Ltd (now Galmoy) of the First Part, ICC Bank PLC (now Bank of Scotland (Ireland) Limited) of the second part, the Council of the Third Part and the Minister for Transport, Energy and Communications of the Fourth Part (now succeeded by the Minister for Communications, Energy and Natural Resources) as extended and amended by a supplemental indenture executed on 22 May 2008 between the successors of the aforesaid parties and by the Environmental Protection Agency,

for drawdown of funds by Galmoy Mines Limited in respect of works carried out pursuant to the Mine Closure Plan.

etc.

Signed

\_\_\_\_\_  
On behalf of the County Manager,  
Kilkenny Co Council

\_\_\_\_\_  
On behalf of the Minister for  
Communications, Energy and Natural  
Resources

\_\_\_\_\_  
On behalf of the Environmental Protection  
Agency