

MINING LEASE  
MINING ACT 1992

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NO. 1550

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DATED 24th JUNE A.D. 2004

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THE MINISTER FOR MINERAL RESOURCES  
OF THE STATE  
OF NEW SOUTH WALES  
TO

**Southland Coal Pty Limited**  
A.B.N. 39 000 077 225

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RECORDED in the Department of Mineral  
Resources at Sydney, this  
28th day of July  
A.D. 2004, at the hour of 9.30  
o'clock in the forenoon.



.....  
for Director General

MINING ACT 1992  
MINING LEASE  
(PURPOSES)

*Handled 2/8/04*  
N.S.W. STAMP DUTY  
CL No. 1846988 COAL MINING LEASE  
2003...2004...2005

THIS DEED made the *24<sup>th</sup>* day of *June* Two Thousand and Four in pursuance of the provisions of the Mining Act 1992 (hereinafter called "the Act") BETWEEN **KERRY HICKEY, MINISTER FOR MINERAL RESOURCES** of the State of New South Wales (hereinafter called "the Minister" which expression shall where the context admits or requires include the successors in office of the Minister and the person acting as such Minister for the time being) AND **Southland Coal Pty Limited, A.B.N. 39 000 077 225** (which with its successors and transferees is hereinafter called "the lease holder") **Level 9 Gold Fields House, 1 Alfred Street, SYDNEY** in the state of **NSW**.

WHEREAS

- (a) in conformity with the Act application was made for a mining lease over the lands hereinafter described; and
- (b) all conditions and things required to be done and performed before granting a mining lease under the Act have been done and performed NOW THIS DEED WITNESSETH that in consideration of the observance and performance of the covenants contained in this Deed, the Minister in pursuance of the provisions of the Act DOES HEREBY demise and lease to the lease holder ALL THAT piece or parcel of land containing by admeasurement **14.11 hectares** and more particularly described and delineated in the plan **Catalogue No. M26975** attached for the purpose of : **the construction, maintenance and use (in or in connection with mining operations) of any drillhole or shaft for: ventilation, conveyance of electricity, drainage or conveyance of water, conveyance of materials; the construction, maintenance or use (in or in connection with mining operations) of any building; the generation and transmission of electricity for use in on in connection with mining operations.**

TO HOLD the said land together with any appurtenances thereon subject to:

- (a) such rights and interests as may be lawfully subsisting therein or which may be reserved by the Act at the date of this Deed; and
- (b) such conditions, provisos and stipulations as are contained in this Deed UNTO the lease holder from and including the date of this Deed for the period of **21 years** for the purpose as stated and for no other purpose.

1. THAT in this lease except insofar as the context otherwise indicates or requires:
  - (a) any reference to an Act includes that Act and any Act amending or in substitution for the same; "Director-General" means the person for the time being holding office or acting as Director-General, Department of Mineral Resources, Sydney; the word "mine" has the meaning assigned to it by the Act; words importing the singular number shall include the plural, the masculine gender the feminine or neuter gender and vice versa; and
  - (b) any covenant on the part of two or more persons shall be deemed to bind them jointly and severally.
2. THAT the lease holder shall at all times during the term of this lease keep and preserve the said mine from all avoidable injury or damage and also the levels, drifts, shafts, watercourses, roadways, works, erections and fixtures therein and thereon in good repair and condition and in such state and condition shall on the expiration or sooner determination of the said term or any renewal thereof deliver possession of the land and the premises hereby demised to the Minister or other persons authorised to receive possession thereof.
3. THAT the conditions and provisions set forth in the Schedule of Conditions of Authority herein and numbered:- **2, 3, 14 to 27 inclusive, 29, 30, 31, 32, 33, 41, 43, 45 to 49 inclusive, and 51 inclusive** are embodied and incorporated within this Deed as conditions and provisions of the lease hereby granted AND that the lease holder shall observe fulfil and perform the same.

PROVIDED always and it is hereby declared as follows:

- (a) THAT this lease is granted subject to amendment as provided under Sections 79 and 239 of the Act.
- (b) THAT if the lease holder at any time during the term of this demise -
  - (i) fails to fulfil or contravenes the covenants and conditions herein contained;  
or
  - (ii) fails to comply with any provision of the Act or the Regulations with which the lease holder is required to comply; or

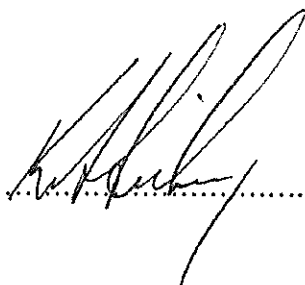
(iii) fails to comply with the requirements of any agreement or assessment in relation to the payment of compensation,

this lease may be cancelled by the Minister by instrument in writing and the cancellation shall have effect from and including the date on which notice of the cancellation is served on the lease holder or on such later date as is specified in the notice; and any liability incurred by the lease holder before the cancellation took effect shall not be affected.

- (c) THAT no implied covenant for title or for quiet enjoyment shall be contained herein.
- (d) THAT all the conditions and provisions contained in the Mining Act 1992 and the Regulations thereunder, the Mines Inspection Act 1901 and the Coal Mines Regulation Act 1982 or any other law hereafter to be passed or prescribed shall be incorporated within this Deed as conditions and provisions of the lease granted. The lease holder hereby covenants to observe, fulfil and perform the same.
- (e) THAT such of the provisions and conditions declared and contained in this Deed as requiring anything to be done or not to be done by the lease holder, shall be read and construed as covenants by the lease holder with the Minister which are to be observed and performed.

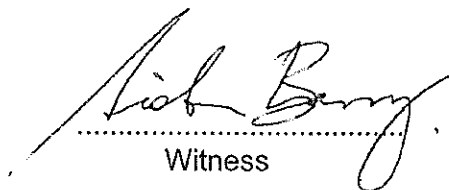
IN WITNESS WHEREOF the parties hereto have executed this Deed this day and year first abovewritten.

SIGNED AND DELIVERED  
BY  
KERRY HICKEY,  
  
as such Minister as aforesaid



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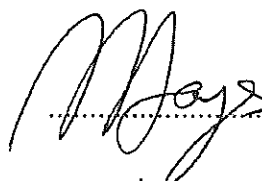
in the presence of




.....  
Witness

SIGNED SEALED AND DELIVERED  
by the said

Southland Coal Pty Limited  
A.B.N. 39 000 077 225




.....



.....  
Secretary

Director.

in the presence of



.....  
Witness

**SCHEDULE OF  
CONDITIONS OF AUTHORITY (COAL) (1999)**

**MINING, REHABILITATION, ENVIRONMENTAL MANAGEMENT PROCESS (MREMP)**

**MINING OPERATIONS PLAN (MOP)**

- 2 (1) Mining operations, including mining purposes, must be conducted in accordance with a Mining Operations Plan (the Plan) satisfactory to the Director-General. The Plan together with environmental conditions of development consent and other approvals will form the basis for:-
- (a) ongoing mining operations and environmental management; and
  - (b) ongoing monitoring of the project.
- (2) The Plan must be prepared in accordance with the Director-General's guidelines current at the time of lodgment.
- (3) A Plan must be lodged with the Director-General:-
- (a) prior to the commencement of operations;
  - (b) subsequently as appropriate prior to the expiry of any current Plan; and
  - (c) in accordance with any direction issued by the Director-General.
- (4) The Plan must present a schedule of proposed mine development for a period of up to seven (7) years and contain diagrams and documentation which identify:-
- (a) area(s) proposed to be disturbed under the Plan;
  - (b) mining and rehabilitation method(s) to be used and their sequence;
  - (c) areas to be used for disposal of tailings/waste;
  - (d) existing and proposed surface infrastructure;
  - (e) progressive rehabilitation schedules;
  - (f) areas of particular environmental sensitivity;
  - (g) water management systems (including erosion and sediment controls);
  - (h) proposed resource recovery; and
  - (i) where the mine will cease extraction during the term of the Plan, a closure plan including final rehabilitation objectives/methods and post mining landuse/vegetation

- (5) The Plan when lodged will be reviewed by the Department of Mineral Resources.
- (6) The Director-General may within two (2) months of the lodgement of a Plan, require modification and relodgement.
- (7) If a requirement in accordance with clause (6) is not issued within two months of the lodgement of a Plan, lease holder may proceed with implementation of the Plan submitted subject to the lodgement of the required security deposit within the specified time.
- (8) During the life of the Mining Operations Plan, proposed modifications to the Plan must be lodged with the Director-General and will be subject to the review process outlined in clauses (5) - (7) above.

### **ANNUAL ENVIRONMENTAL MANAGEMENT REPORT (AEMR)**

- 3 (1) Within 12 months of the commencement of mining operations and thereafter annually or, at such other times as may be allowed by the Director-General, the lease holder must lodge an Annual Environmental Management Report (AEMR) with the Director-General.
- (2) The AEMR must be prepared in accordance with the Director-General's guidelines current at the time of reporting and contain a review and forecast of performance for the preceding and ensuing twelve months in terms of:-
  - (a) the accepted Mining Operations Plan;
  - (b) development consent requirements and conditions;
  - (c) Environment Protection Authority and Department of Land and Water Conservation licences and approvals;
  - (d) any other statutory environmental requirements;
  - (e) details of any variations to environmental approvals applicable to the lease area. and
  - (f) where relevant, progress towards final rehabilitation objectives.
- (3) After considering an AEMR the Director-General may, by notice in writing, direct the lease holder to undertake operations, remedial actions or supplementary studies in the manner and within the period specified in the notice to ensure that operations on the lease area are conducted in accordance with sound mining and environmental practice.
- (4) The lease holder shall, as and when directed by the Minister, co-operate with the Director-General to conduct and facilitate review of the AEMR involving other government agencies.

## **SHAFTS, DRIFTS, ADITS**

- 14 Operations shall be conducted in such a manner as not to cause any danger to persons or stock and the lease holder shall provide and maintain adequate protection to the satisfaction of the Minister around each shaft or excavation opened up or used by the lease holder.

## **DUMPS**

- 15 The lease holder shall comply with any direction, given or which may be given by the Inspector regarding the dumping, depositing or removal of material extracted as well as the stabilisation and revegetation of any dumps of coal, minerals, mine residues, tailings or overburden situated on the subject area or the associated colliery holding.
- 16 The lease holder shall comply with any direction given or which may be given by the Minister regarding the spraying of coal dumps on the subject area.

## **DUST**

- 17 The lease holder shall take such precautions as are necessary to abate any dust nuisance.

## **MANAGEMENT AND REHABILITATION OF LANDS (GENERAL)**

- 18 The lease holder shall not interfere in any way with any fences on or adjacent to the subject area unless with the prior written approval of the owner thereof or the Minister and subject to such conditions as the Minister may stipulate.
- 19 The lease holder shall observe any instruction given or which may be given by the Minister with a view to minimising or preventing public inconvenience or damage to public or private property.
- 20 If required to do so by the Minister and within such time as may be stipulated by the Minister the lease holder shall carry out to the satisfaction of the Minister surveys of structures, buildings and pipelines on adjacent landholdings to determine the effect of operations on any such structures, buildings and pipelines.
- 21 If so directed by the Minister the lease holder shall rehabilitate to the satisfaction of the Minister any lands within the subject area which may have been disturbed by the lease holder.
- 22 Upon completion of operations on the surface of the subject area or upon the expiry or sooner determination of this authority or any renewal thereof, the lease holder shall remove from such surface such buildings, machinery, plant, equipment, constructions and works as may be directed by the Minister and such surface shall be rehabilitated and left in a clean, tidy and safe condition to the satisfaction of the Minister.
- 23 If so directed by the Minister the lease holder shall rehabilitate to the satisfaction of the Minister and within such time as may be allowed by the Minister any lands within the subject area which may have been disturbed by mining or prospecting operations whether such operations were or were not carried out by the lease holder.



- 24 The lease holder shall take all precautions against causing outbreak of fire on the subject area.
- 25 The lease holder shall provide and maintain to the satisfaction of the Minister efficient means to prevent contamination, pollution, erosion or siltation of any river, stream, creek, tributary, lake, dam, reservoir, watercourse or catchment area or any undue interference to fish or their environment and shall observe any instruction given or which may be given by the Minister with a view to preventing or minimising the contamination, pollution, erosion or siltation of any river, stream, creek, tributary, lake, dam, reservoir, watercourse or catchment area or any undue interference to fish or their environment.

## **BLASTING**

- 26 The lease holder shall monitor noise and vibration and institute controls, generally in accordance with the recommendations of Australian Standard AS-2187-1993 and ANZEC Guidelines.

### **(a) Ground Vibration**

The lease holder shall design all blasts on the basis that the ground vibration peak particle velocity generated by any blasting within the subject area, shall not exceed the levels in or conditions of the EPA Licence for the mine, at any dwelling or occupied premises not owned by the lease holder, the holder of an authority under the Mining Act, or not subject to a valid agreement with the lease holder, with respect to the effects of blasting.

### **(b) Blast Overpressure**

The lease holder shall design all blasts on the basis that the blast overpressure noise level generated by any blasting within the subject area, shall not exceed the levels in or conditions of the EPA Licence for the mine, at any dwelling or occupied premises not owned by the lease holder, the holder of an authority under the Mining Act, or not subject to a valid agreement with the lease holder, with respect to the effects of blasting.

## **TREES (PLANTING AND PROTECTION OF) FLORA AND FAUNA AND ARBOREAL SCREENS**

- 27 If so directed by the Minister, the lease holder shall ensure that operations are carried out in such manner so as to minimise disturbance to flora and fauna within the subject area.
- 29 The lease holder shall maintain an arboreal screen to the satisfaction of the Minister within such parts of the subject area as may be specified by the Minister and shall plant such trees or shrubs as may be required by the Minister to preserve the arboreal screen in a condition satisfactory to the Minister.

## **SOIL EROSION**

- 30 The lease holder shall conduct operations in such a manner as not to cause or aggravate soil erosion and the lease holder shall observe and perform any instructions given or which may be given by the Minister with a view to minimising or preventing soil erosion.

## ROADS

- 31 The lease holder shall pay to **Cessnock City Council**, Department of Land and Water Conservation or the Chief Executive, Roads and Traffic Authority the cost incurred by such Council or Department or Chief Executive of making good any damage caused by operations carried on by or under the authority of the lease holder to any road adjoining or traversing the surface or the excepted surface, as the case may be of the subject area.

PROVIDED HOWEVER that the amount to be paid by the lease holder as aforesaid shall be reduced by such sum of money if any as may be paid to the said Council the Department of Land and Water Conservation or the Chief Executive, Roads and Traffic Authority as the case may be from the Mine Subsidence Compensation Fund constituted under the Mine Subsidence Compensation Act, 1961, in settlement of a claim for compensation for the same damage.

- 32 In the event of operations being conducted on the surface of any road, track or firetrail traversing the subject area or in the event of such operations causing damage to or interference with any such road, track or firetrail the lease holder, at his own expense, shall if directed to do so by the Minister provide to the satisfaction of the Minister an alternate road, track or firetrail in a position as required by the Minister and shall allow free and uninterrupted access along such alternate road, track or firetrail and, if required to do so by the Minister, the lease holder shall upon completion of operations rehabilitate the surface of the original road, track or firetrail to a condition satisfactory to the Minister.

## CATCHMENT AREAS

- 33 (a) Operations shall be carried out in such a way as not to cause any pollution of the **Hunter River Catchment Area, Ellalong Lagoon and Quorrobolong Creek**.
- (b) If the lease holder is using or about to use any process which in the opinion of the Minister is likely to cause contamination of the waters of the said Catchment Area the lease holder shall refrain from using or cease using as the case may require such process within twenty four (24) hours of the receipt by the lease holder of a notice in writing under the hand of the Minister requiring the lease holder to do so.
- (c) The lease holder shall comply with any regulations now in force or hereafter to be in force for the protection from pollution of the said Catchment Area.

## TRANSMISSION LINES, COMMUNICATION LINES AND PIPELINES

- 41 The lease holder shall as far as is practicable so conduct operations as not to interfere with or impair the stability or efficiency of any transmission line, communication line or pipeline traversing the surface or the excepted surface of the subject area and shall comply with any direction given or which may be given by the Minister in this regard.

## **ABORIGINAL PLACE OR RELIC**

- 43 The lease holder shall not knowingly destroy, deface or damage any aboriginal place or relic within the subject area except in accordance with an authority issued under the National Parks and Wildlife Act, 1974, and shall take every precaution in drilling, excavating or disturbing the land against any such destruction, defacement or damage.

## **ADDITIONAL INFORMATION**

- 45 The lease holder shall if directed by the Minister and within such time as the Minister may stipulate furnish to the Minister:
- (a) information regarding the ownership of the land within the subject area;
  - (b) information regarding the ownership of the coal within the subject area prior to 1st January, 1982;
  - (c) an indemnity in a form approved by the Minister indemnifying the Crown and the Minister against any wrong payment effected as a result of incorrect information furnished by the lease holder;
  - (d) information regarding the financial viability of the lease holder and operations within and associated with the subject area; and
  - (e) information regarding shareholdings in the lease holder.

## **SERVICE OF NOTICES**

- 46 Within a period of three (3) months from the date of this authority or a period of three (3) months from the date of service of the notice of renewal, or within such further time as the Director General may allow, the lease holder shall serve on each landholder within the subject area a notice in writing indicating that this authority has been granted or renewed and whether the authority includes the surface. The notice shall be accompanied by an adequate plan and description of the subject area.

If there are ten (10) or more landholders affected the lease holder may serve the notice by publication in a newspaper circulating in the region where the subject area is situated. The notice shall indicate that this authority has been granted or renewed, state whether the authority includes the surface and shall contain an adequate plan and description of the subject area.

## **INSPECTORS**

- 47 (a) Where an Inspector under the Mining Act 1992 is of the opinion that any condition of this authority relating to operations within the subject area, or any provision of the Mining Act, 1992, relating to operations within the subject area, are not being complied with by the lease holder, the Inspector may serve on the lease holder a notice stating that and give particulars of the reason why, and may in such notice direct the lease holder:

- (i) to cease operations within the subject area in contravention of that condition or Act; and
  - (ii) to carry out within the specified time works necessary to rectify or remedy the situation.
- (b) The lease holder shall comply with the directions contained in any notice served pursuant to sub paragraph (a) of this condition. The Director General may confirm, vary or revoke any such direction.
- (c) A notice referred to in his condition may be served on the Colliery Manager.

## **INDEMNITIES**

- 48 The lease holder shall indemnify and keep indemnified the Crown from and against all actions suits and claims and demands of whatsoever nature and all costs charges and expense which may be brought against the lease holder or which the lease holder may incur respect of any accident or injury to any person or property which may arise out of the construction maintenance or working of any workings now existing or to be made by the lease holder within the boundaries of the subject area or in connection with any of the operations notwithstanding that all other conditions of this authority shall in all respects have been observed by the lease holder or that any such accident or injury shall arise from any act or thing which the lease which the lease holder may be licensed or compelled to do hereunder.
- 49 The lease holder shall save harmless the Crown from payment of compensation and from and against all claims, actions, suits or demands whatsoever in the event of any damage resulting from mining operations under or near the subject area.

## **SECURITY DEPOSIT**

### **51 Joint Security (extended)**

The joint security of \$5,760,000 lodged with the Minister by the lease holder for the purpose of ensuring the fulfilment by the lease holder of its obligations under DSL 89 (Act 1901), MPL 217 (Act 1906), MPL 23 (Act 1906), MPL 233 (Act 1906), MPL 269 (Act 1906), MPL 1364 (Act 1906), MPL 204 (Act 1906), MPL 324 (Act 1973), ML 1283 (C&S Act 1906), CCL 728 (Act 1973), CCL 752 (Act 1973), ML 1157 (C&S Act 1906), ML 1345 (Act 1992), ML 1347 (Act 1992), ML 1388 (Act 1992), CML 2 (Act 1992) and PLL 150 (Act 1906) is extended to apply to this lease.