

**INSTRUMENT OF RENEWAL**

**C97/0776**

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**MINING PURPOSES LEASE NO.**            269 (ACT 1906)

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**HOLDER (S):**                                **SOUTHLAND COAL PTY LIMITED (ACN 000 077 225)**

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**DATE OF LEASE:**                        **7 December 1917**

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**EXPIRY DATE OF LEASE:**            **7 December 1998**

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**PERIOD OF RENEWAL UNTIL:**        **7 December 2018**

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**AREA:**                                        **approximately 2.663 hectares**

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**DEPTH RESTRICTION:**                **Whole to a depth of 6.1 metres below the level of the rails when laid.**

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**SURFACE EXCEPTION:**                **Nil**

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**PURPOSES:**                                **The construction, maintenance or use (in or in connection with mining operations of any road, railway, tramway bridge or jetty.**

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**AMENDMENTS TO THE CONDITIONS OF THE LEASE:**

- (a) All conditions contained in the lease prior to the renewal have been deleted.
- (b) The lease is now subject to the attached Conditions of Authority - 1999 (COAL) MINING LEASES numbered:-  
  
2, 3, 14 to 25 (inclusive), 27, 29 to 33 (inclusive), 41, 43, 45 to 51 (inclusive) and the conditions contained in Annexure "A-1" and "A-2".



**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.

## **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 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 Catchment Area.
- (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.



## PROSPECTING (GENERAL)

- 50 (a) Where the lease holder desires to commence prospecting operations in the subject area the lease holder shall notify the Director General in writing and shall comply with such additional conditions as the Minister may impose including any condition requiring the lodgement of an additional bond or other form of security for rehabilitation of the area affected by such operations.
- (b) Where the lease holder notifies the Director General pursuant to sub paragraph (a) of this condition the lease holder shall furnish with that notification details of the type of prospecting methods that would be adopted and the extent and location of the area that would be affected by them.

## SECURITY

- 51 (a) The joint security of \$5,760,000.00 required to be lodged with the Minister by the Lease holder for the purpose of ensuring the fulfilment by the leaseholder 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 1906), CCL 752 (Act 1973), ML 1157 (Act 11906), ML 1283 (Act 1906), ML 1345 (Act 1906), ML 1347 (Act 1906), ML 1388 (Act 1906), CML 2 (Act 1992) and PLL 150 (Act 1906) includes the obligations of this lease. In the event that the lease holder fails to fulfill any of the lease holder's obligations under these authorities the said sum may be applied at the discretion of the Minister towards the cost of fulfilling such obligations. For the purposes of the clause a lease holder shall be deemed to have failed to fulfill the lease holder's obligations under these authorities, if the lease holder fails to comply with any condition or provision of these authorities, any provision of the Act or regulations made thereunder or any condition or direction imposed or given pursuant to a condition or provision of these authorities or of any provision of the Act or regulations made thereunder.
- (b) The lease holder must provide the security required by sub-clause (a) hereof in one of the following forms:-
- (i) cash, or
  - (ii) a security certificate in such form and given by such surety as may from time to time be approved by the Minister.
- (c) The Minister may at any time, vary the amount of security required in accordance with this condition.
- 56 (a) The bridge carrying the railway over the Wollombi to Cessnock road shall be maintained to the satisfaction of the City of Greater Cessnock Shire Council.
- (b) The lease holder shall construct and keep in repair a satisfactory crossing carrying the track to the Village of Bellbird across the railway line.
- (c) In the event of the lease holder fencing the railway line on either or both sides, it shall provide and keep in repair to the satisfaction of the Minister for Mineral Resources such crossings as may be considered necessary by the Minister.

PELTON/ELLALONG LEASE TRANSFER  
SPECIAL CONDITIONS

ANNEXURE A-1

- 1(a) The leaseholder shall proceed with rehabilitation works at the Pelton Site (Coal Preparation Plant and Open Cut Mining Areas) and Aberdare Extended Site (Coal Washery Rejects Emplacement) in general accordance with those works documented in;

*ELLALONG/PELTON COLLIERY  
REHABILITATION PLAN  
SOUTHLAND COAL  
JUNE 1998*

- (b) Rehabilitation works documented in 1(a) above are to be varied in accordance with the variations specified in Annexure A-2.
- (c) Rehabilitation works as documented in 1(a) above and as may be varied in 1(b) above are to be integrated and documented in the Mining Operations Plan referred to in 2 under.

**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 lodgement.
- (3) A plan must be lodged with the Director-General:
- (a) **within 60 days of the date of lease transfer**
  - (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 **three (3) years** 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 (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, leaseholder may proceed with implementation of the Plan submitted.
- (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 outlines in (5) - (7) above.

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

- (1) Within 12 months of the date of lease transfer and thereafter annually or, at such other times as maybe allowed by the Director-General, the lease holder must lodge an Annual Environmental Management Report (AEMR) with the Director-General, the EPAs Director (Northern Region) and the Cessnock City Council; General Manager.
- (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) developments 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 leaseholder shall, as and when directed by the Minister, cooperate with the Director-General to conduct and facilitate review of the AEMR involving other government agencies.

### **4 ENVIRONMENTAL OFFICER**

A senior officer employed on site is to be nominated as the responsible and accountable person for all environmental and rehabilitation operating requirements pursuant to the lease. This officer is to have access to appropriately qualified environmental consultants, as required.

## 5 WATER MANAGEMENT

- (1) Immediate upon the transfer of the lease, the leaseholder shall conduct an assessment of environmental risk of the water management system(s) for the operating mine, coal washing plant and coal washery reject emplacement.
- (2) Within 30 days of the date of lease transfer the leaseholder shall prepare and lodge with the Department of Mineral Resources a Water Management Plan which is to address;
  - (a) Risk assessment (in 5 (1) above),
  - (b) Storage levels (at the time of reporting) and capacities, pumps, alarm settings and flow fines for contaminated waters,
  - (c) Stability of clean water diversion structures,
  - (d) Environmental monitoring of waters
  - (e) Management responsibilities and inspections procedures.
  - (f) Operator training in emergency response.

## 6 REHABILITATION WORKS SCHEDULE

- (1) The leaseholder shall prepare a rehabilitation schedule that lists all tasks required to be completed in the first 3 years after lease transfer, pursuant to Condition 1 above. The leaseholder shall let 80 per cent of the contracts necessary to complete this schedule within 6 months of registration of lease transfer, as provided in an Agreement made between the leaseholder and the Minister within twenty eight (28) days of the registration of the transfer of this lease.
- (2) Progress of rehabilitation works as documented in the AEMR (3 (3) above) will be reviewed by the Department of Mineral Resources according to the agreed MOP sequence and completion criteria (2 (4) above). Should rehabilitation progress be deficient the Minister may, by written notice to the leaseholder, increase the Security Deposit, pursuant to the lease, each year up to \$2,000,000 by the end of the third year of the MOP.

**PELTON/ELLALONG LEASE TRANSFER  
SPECIAL CONDITIONS**

**ANNEXURE A-2**

1. Within 6 months of registration of lease transfer, contracts of work for the sealing of the West Shaft and West Drift mine entries shall be substantially let, unless it can be demonstrated to the Director-General that they are required for water disposal or ventilation purposes. If such demonstration is accepted, the Director—General will issue extensions of time as appropriate, to this condition. The work, when done, is to be completed and maintained to final criteria satisfactory to the Department of Mineral Resources.
2. The tailings ponds areas (1a, 1b, 1c) are to be cleaned out and kept for emergency use only until final rehabilitation is carried out according to final completion criteria satisfactory to the Department of Mineral Resources. The areas are not to be used to store acid water or acid forming materials except in the case of such emergency. In such event the water/material shall be treated as rapidly as is practical within sound treatment plant and minesite operational practice and the area dewatered.
3. The precipitate dam (area 9d) is to be mucked out and desilted. The desilted material is to be disposed of within open cut void areas.
4. All pollution control dams (areas 9a, 9b 9g and 9i) are to be desilted and stabilised to maintain storage capacity.
5. The Aberdare Extended area (6ha) is to be rehabilitated with capping material and maintained, with work to be carried out as scheduled (or earlier) in the Rehabilitation Plan. Earthworks are to commence by the end of the first quarter 1999 and are to be completed by 1 July 2000.
6. Within 6 months of registration of lease transfer, contracts of work for rehabilitation of the South East rejects area (north of the Eastern Open Cut and adjacent to the railway) shall be substantially let, unless it can be demonstrated to the Director-General that the area is required to be used as a facility for storage of special product sized coal. If such demonstration is accepted, the Director—General will issue extensions of time as appropriate, to this condition. The work, when done, is to be completed and maintained to final criteria satisfactory to the Department of Mineral Resources.