Dear Sir

MINING PURPOSES LEASE NO 1364 (ACT 1906)

In accordance with the provisions of Section 114(1) (a) of the Mining Act 1992, the Minister renewed the lease subject to the terms and conditions set out in the attached Instrument of Renewal document.

The renewal took effect on 20 March 2009.

Please note prior to any mining activities being undertaken on the lease, a current Mining Operations Plan must be approved by the Director-General. The holder of the lease may also be required to hold a current development consent/project approval before commencing activities in accordance with the Environmental Planning & Assessment Act 1979.


In regard to Condition 31 (Cooperation Agreement) -- the TASMAP system located on the DPI website http://www.dpi.nsw.gov.au/minerals/titles/online-services/tasmap will be of assistance in determining the presence of overlapping petroleum titles.

Yours faithfully

Jeff Inman
for Director General
15 July 2009
INSTRUMENT OF RENEWAL

LEASE: Mining Purposes Lease No 1364 (ACT 1906)

HOLDER: Austar Coal Mine Pty Limited (ACN 111 910 822)

DATE OF LEASE: 28 October 1968

EXPIRY DATE OF LEASE: 28 October 2009

PERIOD OF RENEWAL UNTIL: 28 October 2029

AREA: 4527 square metres

AS SHOWN BY PLAN NO M23180

SURFACE EXCEPTION: Nil

DEPTH RESTRICTION: Whole to 15.24 metres

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

AMENDMENTS TO THE CONDITIONS OF THE LEASE:

(a) All the Conditions contained in the lease prior to the renewal have been deleted.

(b) The lease is now subject to the attached Mining Lease Conditions 2008 numbered:
   1-7 (inclusive), 10, 15, 16, 18-23 (inclusive), 26, 28, 31 and 32
Condition Nos. 2-7 inclusive and 18-23 inclusive are identified as conditions relating to environmental management for the purposes of Sections 125(3) and 374A of the *Mining Act 1992*.

We, Austar Coal Mine Pty Limited (ACN 111 910 822), hereby accept the renewal of this Lease and agree to be bound by the conditions specified.

[Signature]

Austar Coal Mine Pty Limited (ACN 111 910 822)

Renewed this 20 day of March 2009

[Signature]

by delegation from the Minister.
MINING LEASE CONDITIONS 2008

1. Notice to Landholders

Within a period of three months from the date of grant/renewal of this lease or within such further time as the Minister may allow, the lease holder must serve on each landholder of the land a notice in writing indicating that this lease has been granted/renewed and whether the lease includes the surface. An adequate plan and description of the lease area must accompany the notice.

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

2. Environmental Harm

The proponent shall implement all practicable measures to prevent and/or minimise any harm to the environment that may result from the construction, operation or rehabilitation of the development.

3. Mining Operations Plan

(a) Mining operations must not be carried out otherwise than in accordance with:

   a Mining Operations Plan (MOP) which has been approved by the Director-General of the Department of Primary Industries.

(b) The MOP must:

   i) identify areas that will be disturbed by mining operations;
   ii) detail the staging of specific mining operations;
   iii) identify how the mine will be managed to allow mine closure;
   iv) identify how mining operations will be carried out on site in order to prevent and or minimise harm to the environment;
   v) reflect the conditions of approval under:
      - the Environmental Planning and Assessment Act 1979
      - and any other approvals relevant to the development including the conditions of this lease; and
   vi) have regard to any relevant guidelines adopted by the Director-General.

(c) The titleholder may apply to the Director-General to amend an approved MOP at any time.

(d) It is not a breach of this condition if:

   i) the operations constituting the breach were necessary to comply with a lawful order or direction given under the Mining Act 1992, the Environmental Planning and Assessment Act 1979, Protection of the Environment Operations Act 1997 or the Occupational Health and Safety Act 2000; and
   ii) the Director-General had been notified in writing of the terms of the order or direction prior to the operations constituting the breach being carried out.
(e) A MOP ceases to have affect 7 years after date of approval or other such period as identified by the Director-General. An approved amendment to the MOP under condition 5 does not constitute an approval for the purpose of this paragraph unless otherwise identified by the Director-General.

4. **Environment Management Reporting**

The lease holder must lodge Environmental Management Reports (EMR) with the Director-General annually or at dates otherwise directed by the Director-General.

5. **The EMR must:**
   a) report against compliance with the MOP;
   b) report on progress in respect of rehabilitation completion criteria;
   c) report on the extent of compliance with regulatory requirements; and
   d) have regard to any relevant guidelines adopted by the Director-General;

6. Additional environmental reports may be required on specific surface disturbing operations or environmental incidents from time to time as directed in writing by the Director-General and must be lodged as instructed.

7. **Rehabilitation**

Disturbed land must be rehabilitated to a sustainable/agreed end land use to the satisfaction of the Director-General.

10. **Control of Operations**

(a) If an Environmental Officer of the Department believes that the lease holder is not complying with any provision of the Act or any condition of this lease relating to the working of the lease, he may direct the lease holder to:-
   (i) cease working the lease; or
   (ii) cease that part of the operation not complying with the Act or conditions; until in the opinion of the Environmental Officer the situation is rectified.

(b) The lease holder must comply with any direction given. The Director-General may confirm, vary or revoke any such direction.

(c) A direction referred to in this condition may be served on the Mine Manager.

15. **Blasting**

(a) **Ground Vibration**
The lease holder must ensure that the ground vibration peak particle velocity generated by any blasting within the lease area does not exceed 10 mm/second and does not exceed 5 mm/second in more than 5% of the total number of blasts over a period of 12 months at any dwelling or occupied premises as the case may be, unless determined otherwise by the Department of Environment and Climate Change.
(b) Blast Overpressure

The lease holder must ensure that the blast overpressure noise level generated by any blasting within the lease area does not exceed 120 dB (linear) and does not exceed 115 dB (linear) in more than 5% of the total number of blasts over a period of 12 months, at any dwelling or occupied premises, as the case may be, unless determined otherwise by the Department of Environment and Climate Change.

16. Safety

Operations must be carried out in a manner that ensures the safety of persons or stock in the vicinity of the operations. All drill holes shafts and excavations must be appropriately protected, to the satisfaction of the Director-General, to ensure that access to them by persons and stock is restricted. Abandoned shafts and excavations opened up or used by the lease holder must be filled in or otherwise rendered safe to a standard acceptable to the Director-General.

18. Prevention of Soil Erosion and Pollution

Operations must be carried out in a manner that does not cause or aggravate air pollution, water pollution (including sedimentation) or soil contamination or erosion, unless otherwise authorised by a relevant approval, and in accordance with an accepted Mining Operations Plan. For the purpose of this condition, water shall be taken to include any watercourse, waterbody or groundwaters. The lease holder must observe and perform any instructions given by the Director-General in this regard.

19. Transmission lines, Communication lines and Pipelines

Operations must not interfere with or impair the stability or efficiency of any transmission line, communication line, pipeline or any other utility on the lease area without the prior written approval of the Director-General and subject to any conditions he may stipulate.

20. Fences, Gates

(a) Activities on the lease must not interfere with or damage fences without the prior written approval of the owner thereof or the Minister and subject to any conditions the Minister may stipulate.

(b) Gates within the lease area must be closed or left open in accordance with the requirements of the landholder.

21. Roads and Tracks

(a) Operations must not affect any road unless in accordance with an accepted Mining Operations Plan or with the prior written approval of the Director-General and subject to any conditions he may stipulate.

(b) The lease holder must pay to the designated authority in control of the road (generally the local council or the Roads and Traffic Authority) the cost incurred in fixing any damage to roads caused by operations carried out under the lease, less any amount paid or payable from the Mine Subsidence Compensation Fund.

22. Access tracks must be kept to a minimum and be positioned so that they do not cause any unnecessary damage to the land. Temporary access tracks must be ripped, topsoiled and revegetated as soon as possible after they are no longer required for mining operations. The design and construction of access tracks must be in accordance with specifications fixed by the Department of Environment and Climate Change.
23. **Trees and Timber**

(a) The lease holder must not fell trees, strip bark or cut timber on the lease without the consent of the landholder who is entitled to the use of the timber, or if such a landholder refuses consent or attaches unreasonable conditions to the consent, without the approval of a warden.

(b) The lease holder must not cut, destroy, ringbark or remove any timber or other vegetative cover on the lease area except such as directly obstructs or prevents the carrying on of operations. Any clearing not authorised under the Mining Act 1992 must comply with the provisions of the *Native Vegetation Act 2003*.

(c) The lease holder must obtain all necessary approvals or licences before using timber from any Crown land within the lease area.

26. **Indemnity**

The lease holder must indemnify and keep indemnified the Crown from and against all actions, suits, claims and demands of whatsoever nature and all costs, charges and expenses which may be brought against the lease holder or which the lease holder may incur in 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 lease area or in connection with any of the operations notwithstanding that all other conditions of this lease 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 holder may be licensed or compelled to do.

28. **Security**

(a) The single security in the sum of **$14,420,000** must be given and maintained with the Minister by the lease holder for the purpose of ensuring the fulfillment by the lease holder of obligations under Dam Site Lease 89 (Act 1901), Mineral Lease 1157 (Act 1906), Mineral Lease 1283 (Act 1906), Mining Purposes Lease 23 (Act 1906), Mining Purposes Lease 204 (Act 1906), Mining Purposes Lease 217 (Act 1906), Mining Purposes Lease 233 (Act 1906), Mining Purposes Lease 269 (Act 1906), Mining Purposes Lease 1364 (Act 1906), Private Lands Lease 150 (Act 1906), Consolidated Coal Lease 728 (Act 1973), Consolidated Coal Lease 752 (Act 1973), Mining Purposes Lease 324 (Act 1973), Consolidated Mining Lease 2 (Act 1992), Mining Lease 1345 (Act 1992), Mining Lease 1347 (Act 1992), Mining Lease 1388 (Act 1992) and Mining Lease 1550 (Act 1992). If the lease holder fails to fulfil any one or more of the obligations under this lease, then the security held may be applied at the discretion of the Minister towards the cost of fulfilling such obligations. For the purpose of this clause the lease holder shall be deemed to have failed to fulfil the obligations of the lease if the lease holder fails to comply with any condition or provision hereof, any provision of the Act or regulations made thereunder or any condition or direction imposed or given pursuant to a condition or provision hereof or of any provision of the Act or regulations made thereunder.

(b) The lease holder must provide the security required by sub-clause (a) in one of the following forms:

(i) cash,

(ii) a security certificate in a form approved by the Minister and issued by an authorised deposit-taking institution.
31.  **Cooperation Agreement**

The lease holder must make every reasonable attempt, and be able to demonstrate their attempts, to enter into a cooperation agreement with the holder(s) of any overlapping petroleum title(s). The cooperation agreement should address but not be limited to issues such as:

- access arrangements
- operational interaction procedures
- dispute resolution
- information exchange
- well location
- timing of drilling
- potential resource extraction conflicts and
- rehabilitation issues.

**Special Conditions**

32.  **Railway**

The lease holder shall construct and maintain the railway within the subject area in accordance with the specifications and requirements of Rail Corporation New South Wales (Railcorp), formerly known as the State Railway Authority of New South Wales.