

MINING LEASE

MINING ACT 1992

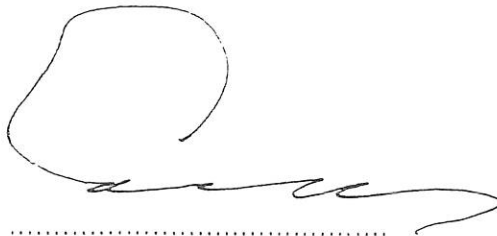
1461 NO.

DATED 21/12/ A.D. 1999

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

DONALDSON PROJECTS PTY LTD
A.C.N. 073 088 945

RECORDED in the Department of Mineral
Resources at Sydney, this
fourth day of *January*,
A.D. 2000, at the hour of *ten*
o'clock in the *fore* noon.



.....
for Director General

N.S.W. STAMP DUTY
COAL MINING LEASE
CL No. 1846988
1997... 1998 ... 1999

MINING ACT 1992

MINING LEASE

THIS DEED made the *Twenty-first* day of *December*, 1999,
in pursuance of the provisions of the Mining Act 1992 (hereinafter called "the Act")
BETWEEN THE HONOURABLE EDWARD OBEID, 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 DONALDSON PROJECTS PTY
LTD, A.C.N. 073 088 945 (which with its successors and transferees is hereinafter called
"the lease holder").

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 and the payment of royalty by the lease holder, 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 contained by admeasurement 532.8 hectares and more particularly described and delineated in the plan Catalogue No. M26887R attached for the purpose of prospecting and mining for coal.

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 **twenty-one years (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 during the said term pay to the Minister in Sydney in respect to of all such minerals as stated, recovered from the land hereby demised, royalty at the rate or rates prescribed by the Act and the Regulations thereunder at

the time the minerals are recovered, or at the rate or rates fixed by the Minister from time

to time during the term of this demise in exercise of the power in that behalf conferred upon him by the Act.

- 3 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.
- 4 THAT the conditions and provisions set forth in the Schedule of Conditions of Authority herein and numbered:- **1-3 inclusive, 14-27 inclusive, 29-33 inclusive, 41-51 inclusive, 54-61 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.

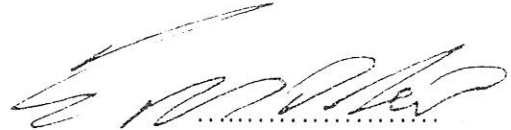
PROVIDED always and it is hereby declared as follows:

- (a) THAT this lease is granted subject to amendment as provided under Section 79 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 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 Regulations 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.

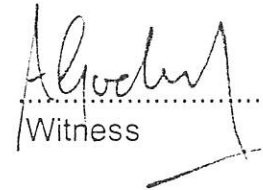
IN WITNESS WHEREOF the parties hereto have executed this Deed this day and year first abovewritten.

SIGNED AND DELIVERED
BY THE HONOURABLE
EDWARD OBEID,



as such Minister as aforesaid

in the presence of



Witness

SIGNED SEALED AND DELIVERED
by the said
DONALDSON PROJECTS PTY LTD
A.C.N. 073 088 945



(DIRECTOR)

in the presence of



Witness

SCHEDULE OF
CONDITIONS OF AUTHORITY - 1999 (COAL)

EXTRACTION OF COAL

- 1 The lease holder shall extract as large a percentage of the coal in the subject area as is practicable consistent with the provisions of the Coal Mines Regulations Act 1982 and the Regulations thereunder and shall comply with any direction given or which may be given in this regard by the Minister.

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) 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 (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, degradation, erosion or siltation of any river, stream, creek, tributary, lake, dam, reservoir, watercourse, groundwater 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, degradation, erosion or siltation of any river, stream, creek, tributary, lake, dam, reservoir, watercourse, groundwater or catchment area or any undue interference to fish or their environment.

BLASTING

- 26 The lease holder shall carry out all blasting in accordance with the conditions of the Development Consent, File No N97/00147, given on 14/10/99. All noise, vibration and institute controls shall be 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 and Maitland 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 Conservation and Land Management 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.
- (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.
- 42 Unless with the consent of **Energy Australia**, the lease holder shall not carry out any operations within any easement for any power transmission line traversing the subject area.

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.

LABOUR/EXPENDITURE

- 44 The lease holder shall during each year of the term of the authority:
- (a) ensure that at least 22 workers are efficiently employed on the subject area or
 - (b) expend on operations carried out in the course of prospecting or mining the subject area, an amount of not less than \$385,000.

The Minister may, at any time after a period of two (2) years from the date on which this authority has effect or from the date on which the renewal of this authority has effect, increase or decrease the amount of expenditure of labour required.

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 owner and occupier of the private land and on each occupier of the Crown land held under a pastoral lease 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 owners or occupiers 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 of other form of security or 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 DEPOSIT

- 51 (a) The lease holder shall, upon request by the Director General, lodge with the Minister the sum of \$250,000, in accordance with Instructions for Manner of Lodgement of Security Deposits as security for the fulfillment of the obligations of the lease holder under this authority. In the event that the lease holder fails to fulfill any of the lease holder's obligations under this authority 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 this authority, if the lease holder fails to comply with any condition or provision of this authority, any provision of the Act or regulations made thereunder or any condition or direction imposed or given pursuant to a condition or provision of this authority or of any provision of the Act or regulations made thereunder.
- (b) The Minister may at any time after the commencement of this authority or any renewal thereof, vary the amount of security required in accordance with this condition.
- (c) Where the amount of security has been increased pursuant to Clause (b) hereof the lease holder shall, within two (2) months of being requested by the Minister, lodge a security for the amount of security required, in which case the Minister shall refund or release to the lease holder the security previously lodged.

ROYALTY AT ADDITIONAL RATE

- 54 The lease holder shall during the term of this authority pay to the Minister royalty at the additional rate as prescribed by the Regulations for coal recovered by open cut mining methods from the area.

METHODS OF OPERATION (PRESCRIBED DAMS)

- 55 See attached Annexure "A".

ADDITIONAL CONDITIONS

- 56 The lease holder shall not carry out mining in areas identified as conservation areas in accordance with the conditions of the development consent.
- 57 The lease holder shall not clear any land or erect any structures in areas identified as conservation areas in terms of the conditions of the development consent, other than in accordance with provisions of the development consent.
- 58 The lease holder shall carry out all operations in accordance with the approved hours of operation contained in the conditions of the development consent.
- 59 Any risk analysis undertaken by the lease holder in order to seek a reduction (by the Director General of the Department of Urban Affairs and Planning) in the requirement for blasting to be a minimum of 500 meters from occupied residences, public lands and unclosed public roads, must be assessed by the Chief Inspector of Coal Mines, prior to lodgment with the Director General of the Department of Urban Affairs and Planning.
- 60 The lease holder shall prepare a Traffic Management Plan to the satisfaction of the Chief Inspector of Coal Mines, for the haulage of coal to the Bloomfield Colliery coal preparation plant and rail loading facility.
- 61 The lease holder shall notify the Principal Environmentalist, the name and contact details of the Environmental Officer upon appointment, and upon any changes to that appointment.

ANNEXURE "A"

METHODS OF OPERATION (PRESCRIBED DAMS)

- 1 (A) Subject to paragraphs (C) and (D) the lease holder shall not mine coal from within any part of the subject area which is within the notification area of the Stoney Pinch Reservoir. Dam without the consent of the Minister pursuant to paragraph (E) of this condition.
- (B) Where the lease holder desires to mine coal from within any part of the subject area which is within the notification area he shall:-
- (i) at least twelve (12) months before such mining is to commence or such lesser time as the Minister may permit, notify the Minister of his desire to do so. A plan of the mining system to be implemented must accompany the notice to the Minister,
 - (ii) provide such information as the Minister may direct.
- (C) No coal shall be mined from within any part of the subject area which is within the notification area except in accordance with such system as may be consented to by the Minister and subject to such conditions as he may impose. The Minister shall not grant any such consent unless the requirements referred to in sub-paragraph (i) of this paragraph have been complied with.
- (i) This sub-paragraph is complied with if:-
 - (a) the Dams Safety Committee as constituted by Section 7 of the Dams Safety Act and the owner of the dam have been notified in writing of the desire to mine referred to in Condition No 1(B)
 - (b) the notification referred to in paragraph (a) is accompanied by a description or plan of the area that would be mined or continued to be mined,
 - (c) the Director-General has complied with any reasonable request made by the Dams Safety Committee or the owner of the dam for further information in connection with the mining proposal,
 - (d) the Dams Safety Committee has made its recommendations concerning the mining proposal or has informed the Minister in writing that it does not propose to make any such recommendations, and,
 - (e) where the Dams Safety Committee has made recommendations under paragraph (d), the consent is in terms that are:-
 - (i) in accordance with those recommendations, or,
 - (ii) where the Minister does not accept those recommendations or any of them - in accordance with a determination under sub-paragraph (ii) of this paragraph.
 - (ii) where the Minister does not accept the recommendations of the Dams Safety Committee made as provided by sub-paragraph (i), or where the Dams Safety Committee has failed to make any such recommendations and has not informed the Minister in writing that it does not propose to make any such

recommendations, the consent shall be in terms that are, in relation to matters dealing with the safety of the dam:-

- (a) as determined by agreement between the Minister and the Minister administering the Dams Safety Act, 1978, or
 - (b) in the event of failure to reach such agreement - as determined by the Premier.
- (D) The Minister, on notice from the Dams Safety Committee, may at any time or times:
- (i) cancel any consent to a system where a notice pursuant to Section 18 of the Dams Safety Act, 1978 is given,
 - (ii) suspend for a period of time, alter, omit from or add to any system consented to or conditions imposed by him.