MINING LEASE

MINING ACT 1992

NO. 1529

DATED A.D. 2003

THE MINISTER FOR MINERAL RESOURCES
OF THE STATE
OF NEW SOUTH WALES
TO
ASHTON COAL MINES LIMITED

RECORDED in the Department of Mineral Resources at Sydney, this Seventeenth day of September A.D. 2003, at the hour of eleven o'clock in the forenoon.

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

SIGNED AND
DELIVERED BY

DIRECTOR-GENERAL
Under Delegation
From the Minister for Mineral Resources

in the presence of

Witness

SIGNED SEALED AND DELIVERED
by the said
ASHTON COAL MINES LIMITED

in the presence of

Witness
MINING LEASE
MINING ACT 1992
Section 123(2)

THIS DEED is made the seventh day of September Two thousand and Three.

BETWEEN KERRY HICKEY the Minister for Mineral Resources in and for the State of New South Wales ("The Minister")

AND Ashton Coal Mines Limited, ACN 096 236 603, Transferee under a partial transfer of Coal Lease 382 (Act 1973) ("The lease holder").

WHEREAS
(a) Coal Lease No 382 ("the Original Lease") was duly granted pursuant to the Mining Act 1973 and is held by Maitland Main Collieries Pty Ltd, ACN 000 021 652 and Consol Energy Australia Pty Ltd, ACN 096 238 603, ("the Original lease holder") to prospect and mine for Coal and is current until 11 November 2012.

(b) The Original lease holder has applied to the Minister for a transfer to the lease holder of part of the Original Lease, comprising an area of 128.7 hectares and delineated on the plan annexed hereto.

(c) The lease holder concurs in the partial transfer.

(d) The Minister has approved the partial transfer subject to this Deed.

(e) Pursuant to section 123(2) of the Mining Act 1992 the terms of the new lease created by the partial transfer are contained in this Deed.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. The Minister hereby demises and leases to the lease holder ALL THAT piece or parcel of land containing by admeasurement about 128.7 hectares and delineated in the annexed plan, for the purposes of prospecting and mining for Coal and for a period ending on the expiry date of the Original Lease, that is to say, on the 11th day of November 2012.
   TO HOLD the said land together with any appurtenances thereon, subject to such rights and interests as may lawfully be subsisting therein or which may be reserved by the Act as at the date of this Deed, and subject further to the conditions following:

2. 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.
3. THAT the lease holder shall during the said term pay to the Minister in Sydney in respect 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.

4. 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.

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

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 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.

RAILWAY

11 The lease holder unless with the consent of the Minister and subject to such conditions as the Minister may impose shall not work or cause to be worked any seam of coal by underground methods within the subject area within the barrier defined as follows:
The land within the zone beneath and adjacent to Great Northern Railway enclosed by an angle of draw of 35° from the vertical plane of the boundary parallel to an thirty (30) metres horizontally distant from either side of the railways lands, such angle of draw being measured outwards from the point on the vertical plane of the said boundary at the surface or at the level of the horizontal plane of the railway track, whichever may be the higher, to the floor of the coal seam in which mining operations are being carried out.

SHAFTS, DRIFTS, ADITS

14 Operations shall be conducted in such a manner as to 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.

MANAGEMENT AND REHABILITATION OF LANDS (GENERAL)

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.

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.

ROADS

31 The lease holder shall pay to Singleton 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.
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 ABORIGINAL OBJECT

43. The lease holder shall not knowingly destroy, deface or damage any Aboriginal object or Aboriginal place or 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 5 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 $87,500.

(c) 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 or 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

48. 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 DEPOSIT

51. (a) The lease holder shall, upon request by the Director General, lodge with the Minister the sum of NIL 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 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 after the commencement of this authority or any renewal thereof, vary the amount of security required in accordance with this condition.

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.