

MINING LEASE
MINING ACT 1992

NO. 1565

DATED 2 August 2006

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

GUJARAT NRE FCGL PTY LTD
(A. C. N. 111 928 762)

MINING LEASE

MINING ACT 1992
Section 123(2)

THIS DEED is made the ---- second ----- day of ----August -----Two thousand and six

BETWEEN IAN MACDONALD, MLC, MINISTER FOR MINERAL RESOURCES in and for the State of New South Wales ("The Minister")

AND Gujarat NRE FCGL Pty Ltd (A. C. N. 111 928 762) the Transferee under a partial transfer of **Consolidated Coal Lease No. 700 (Act 1973)** ("The Original lease").

WHEREAS

- (a) **Consolidated Coal Lease No. 700 (Act 1973)** ("the Original Lease") was duly granted pursuant to the Coal Mining Act 1973 and is held **HTT Huntley Heritage Pty Ltd (A. C. N. 086 238 682)** ("the Original lease holder") to prospect and mine for coal and is current until **9 October 2015**
- (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 **3177 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 **3177 hectares** and delineated in the annexed **Plan No M27061** 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 **ninth day of October, 2015**.

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 Mining Lease Conditions 2004 Nos **1 to 10 (inclusive), 12, 15, 16, 17, 19, 23, 24, 25, 27, 28 and 29**. Condition Nos. 2, 3, 4, 15 - 19 (inclusive) are identified as conditions relating to environmental management for the purposes of Sections 125(3) and 374A of the Mining Act 1992.

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 Primary Industries; 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.

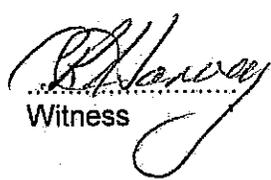
IN WITNESS WHEREOF the parties hereto have executed this Deed the day and year first abovewritten.

SIGNED AND DELIVERED
BY

GUJARAT NRE FCGL PTY LTD
(A. C. N. 111 928 762)

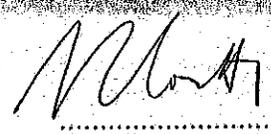
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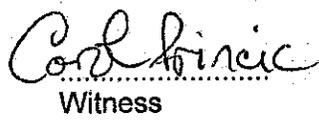

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Witness

SIGNED AND DELIVERED
UNDER DELEGATION BY THE
MINISTER FOR MINERAL RESOURCES

in the presence of


.....


Witness

MINING LEASE CONDITIONS 2004

Notice to Landholders

1. Within a period of three months from the date of grant 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 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, state whether the lease includes the surface and must contain an adequate plan and description of the lease area.

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 mining operations (including mining purposes);
 - (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) existing flora and fauna on the site;
 - (f) progressive rehabilitation schedules;
 - (g) areas of particular environmental, ecological and cultural sensitivity and measures to protect these areas;
 - (h) water management systems (including erosion and sediment controls);
 - (i) proposed resource recovery; and
 - (j) 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.
- (6) The Director-General may within two (2) months of the lodgement of a Plan, require modification and re-lodgement.
- (7) If a requirement in accordance with clause (6) is not issued within two (2) months of the lodgement of a Plan, the lease holder may proceed with implementation of the Plan.
- (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) Department of Environment and Conservation and Department of Planning 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 and the local council.

Subsidence Management

4. (a) The lease holder shall prepare a Subsidence Management Plan prior to commencing any underground mining operations which will potentially lead to subsidence of the land surface.
- (b) Underground mining operations which will potentially lead to subsidence include secondary extraction panels such as longwalls or miniwalls, associated first workings (gateroads, installation roads and associated main headings, etc), and pillar extractions, and are otherwise defined by the *Guideline for Applications for Subsidence Management Approvals*.
- (c) The lease holder must not commence or undertake underground mining operations that will potentially lead to subsidence other than in accordance with a Subsidence Management Plan approved by the Director-General, an approval under the *Coal Mines Regulation Act 1982*, or the document *New Subsidence Management Plan Approval Process – Transitional Provisions*.
- (d) Subsidence Management Plans are to be prepared in accordance with the *Guideline for Applications for Subsidence Management Approvals*.
- (e) Subsidence Management Plans as approved shall form part of the Mining Operations Plan required under Condition 2 and will be subject to the Annual Environmental Management Report process as set out under Condition 3. The SMP is also subject to the requirements for subsidence monitoring and reporting set out in the document *New Approval Process for Management of Coal Mining Subsidence - Policy*.

Working Requirement

5. The lease holder must:
- (a) ensure that at least **128** competent people are efficiently employed on the lease area on each week day except Saturday or any week day that is a public holiday,
- OR
- (b) expend on operations carried out in the course of prospecting or mining the lease area, an amount of not less than **\$2,240,000.00** per annum whilst the lease is in force.

The Minister may at any time or times, by instrument in writing served on the lease holder, increase or decrease the expenditure required or the number of people to be employed.

Control of Operations

6. (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.

Reports

7. The lease holder must provide an exploration report, within a period of twenty-eight days after each anniversary of the date this lease has effect or at such other date as the Director-General may stipulate, of each year. The report must be to the satisfaction of the Director-General and contain the following:
- (a) Full particulars, including results, interpretation and conclusions, of all exploration conducted during the twelve months period;
 - (b) Details of expenditure incurred in conducting that exploration;

- (c) A summary of all geological findings acquired through mining or development evaluation activities;
- (d) Particulars of exploration proposed to be conducted in the next twelve months period;
- (e) All plans, maps, sections and other data necessary to satisfactorily interpret the report.

Licence to Use Reports

- 8. (a) The lease holder grants to the Minister, by way of a non-exclusive licence, the right in copyright to publish, print, adapt and reproduce all exploration reports lodged in any form and for the full duration of copyright.
- (b) The non-exclusive licence will operate as a consent for the purposes of section 365 of the Mining Act 1992.

Confidentiality

- 9. (a) All exploration reports submitted in accordance with the conditions of this lease will be kept confidential while the lease is in force, except in cases where:
 - (i) the lease holder has agreed that specified reports may be made non-confidential.
 - (ii) reports deal with exploration conducted exclusively on areas that have ceased to be part of the lease.
- (b) Confidentiality will be continued beyond the termination of a lease where an application for a flow-on title was lodged during the currency of the lease. The confidentiality will last until that flow-on title or any subsequent flow-on title, has terminated.
- (c) The Director-General may extend the period of confidentiality.

Terms of the non-exclusive licence

- 10. The terms of the non-exclusive copyright licence granted under condition 8 (a) are:
 - (a) the Minister may sub-licence others to publish, print, adapt and reproduce but not on-licence reports.
 - (b) the Minister and any sub-licensee will acknowledge the lease holder's and any identifiable consultant's ownership of copyright in any reproduction of the reports, including storage of reports onto an electronic database.

- (c) the lease holder does not warrant ownership of all copyright works in any report and, the lease holder will use best endeavours to identify those parts of the report for which the lease holder owns the copyright.
- (d) there is no royalty payable by the Minister for the licence.
- (e) if the lease holder has reasonable grounds to believe that the Minister has exercised his rights under the non-exclusive copyright licence in a manner which adversely affects the operations of the lease holder, that licence is revocable on the giving of a period of not less than three months notice.

Safety

12. 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.

Exploratory Drilling

15. (1) At least twenty eight days prior to commencement of drilling operations the lease holder must notify the relevant Department of Planning regional hydrogeologist of the intention to drill exploratory drill holes together with information on the location of the proposed holes.
- (2) If the lease holder drills exploratory drill holes he must satisfy the Director-General that:-
- (a) all cored holes are accurately surveyed and permanently marked in accordance with Departmental guidelines so that their location can be easily established;
 - (b) all holes cored or otherwise are sealed to prevent the collapse of the surrounding surface;
 - (c) all drill holes are permanently sealed with cement plugs to prevent surface discharge of groundwaters;
 - (d) if any drill hole meets natural or noxious gases it is plugged or sealed to prevent their escape;
 - (e) if any drill hole meets an artesian or sub-artesian flow it is effectively sealed to prevent contamination of aquifers.
 - (f) once any drill hole ceases to be used the hole must be sealed in accordance with Departmental guidelines. Alternatively, the hole must be sealed as instructed by the Director-General.

- (g) once any drill hole ceases to be used the land and its immediate vicinity is left in a clean, tidy and stable condition.

Prevention of Soil Erosion and Pollution

- 16. 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.

Transmission lines, Communication lines and Pipelines

- 17. 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.

Roads and Tracks

- 19. (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.

Resource Recovery

- 23. (a) Notwithstanding any description of mining methods and their sequence or of proposed resource recovery contained within the Mining Operations Plan, if at any time the Director-General is of the opinion that minerals which the lease entitles the lease holder to mine and which are economically recoverable at the time are not being recovered from the lease area, or that any such minerals which are being recovered are not being recovered to the extent which should be economically possible or which for environmental reasons are necessary to be recovered, he may give notice in writing to the lease holder requiring the holder to recover such minerals.
- (b) The notice shall specify the minerals to be recovered and the extent to which they are to be recovered, or the objectives in regard to resource recovery, but shall not specify the processes the lease holder shall use to achieve the specified recovery.
- (c) The lease holder must, when requested by the Director-General, provide such information as the Director-General may specify about the recovery of the mineral resources of the lease area.

- (d) The Director-General shall issue no such notice unless the matter has firstly been thoroughly discussed with and a report to the Director-General has incorporated the views of the lease holder.
- (e) The lease holder may object to the requirements of any notice issued under this condition and on receipt of such an objection the Minister shall refer it to a Warden for inquiry and report under Section 334 of the Mining Act, 1992.
- (f) After considering the Warden's report the Minister shall decide whether to withdraw, modify or maintain the requirements specified in the original notice and shall give the lease holder written notice of the decision. The lease holder must comply with the requirements of this notice.

Indemnity

24. 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.

Security

25. (a) A security in the sum of **\$15,000.00** must be given and maintained with the Minister by the lease holder for the purpose of ensuring the fulfilment by the lease holder of obligations under this lease. If the lease holder fails to fulfil any one or more of such obligations the said sum 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 this 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.

Prescribed Dam

27. (A) Notwithstanding any Mining Operations Plan, the lease holder must not mine within any part of the lease area which is within the notification area of the **Avon Dam** without the prior written approval of the Minister and subject to any conditions he may stipulate.
- (B) Where the lease holder desires to mine within the notification area he must:
- (i) at least twelve (12) months before mining is to commence or such lesser time as the Minister may permit, notify the Minister of the desire to do so. A plan of the mining system to be implemented must accompany the notice; and
 - (ii) provide such information as the Minister may direct.
- (C) The Minister must not, except in the circumstances set out in sub-paragraph (ii), grant approval unless sub-paragraph (i) of this paragraph has 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 1978 and the owner of the dams have been notified in writing of the desire to mine referred to in paragraph (B).
 - (b) the notifications referred to in clause (a) are accompanied by a description or plan of the area to be mined.
 - (c) the Director-General has complied with any reasonable request made by the Dams Safety Committee or the owner of the dams 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 the approval 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 or where the Dams Safety Committee has failed to make any recommendations and has not informed the Minister in writing that it does not propose to make any recommendations, the approval shall be in terms that are, in relation to matters dealing with the safety of the dams:
 - (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 approval given 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 approval given or conditions imposed.

Catchment Areas

28. (a) The lease holder shall carry out operations in such a way as to conform strictly to all provisions of the Sydney Water Catchment Management Act 1998 and the regulations thereunder applying to the prevention of pollution of the **Metropolitan Special Area** or the preservation of the purity of the water supply provided thereby or derived therefrom or for the protection of the property of Sydney Catchment Authority [hereinafter referred to as the 'the Authority'] on the Special Area and also to all requirements of the Authority from time to time under the said Act or any of the regulations for the time being in force.
- (b) If the lease holder shall at any time be using or about to use any process which in the opinion of the Authority is likely to pollute the Special Area or the water supply or to endanger any property of the Authority on the Special Area the lease holder upon service of a notice in writing under the hand of the Minister to do so shall:
- (i) discontinue the use of such process immediately, or
 - (ii) thereafter refrain from adopting such process at any time, as the case may require.

- (c) The lease holder shall provide and maintain to the satisfaction of the Minister efficient means to prevent the contamination, pollution, erosion or siltation of any stream or watercourse or Special Area and shall observe any instruction given or which may be given by the Minister with a view to preventing or minimising the contamination, pollution or siltation of any stream watercourse or Special Area.
- (d) The lease holder hereby covenants with Us Ours Heirs and Successors and as a separate covenant the lease holder hereby covenants with the Authority and its Successors that the lease holder shall at all times hereafter save harmless and keep Us and the said Authority and Our Heirs and Successors and the Successors of the said Authority indemnified from payment of compensation and from and against all actions proceedings claims and demands in respect of any injury loss of damage arising out of or in any way connected with any interference with or deprivation or loss of access to the land and premises of this authority which may occur by reason of any works or operations undertaken or carried out by the said Authority or arising out of or in any way connected with any discontinuance or alteration of any process consequent upon the service of a notice in pursuance of the provisions of Condition 28(b) or arising out of or in any way connected with the operation of any regulations relating to Special Areas in force at the date hereof or made by the said Authority at any time hereafter and the lease holder hereby agrees that for the purpose of this condition the said Authority shall be deemed to be a party to this authority.

29. The lease holder shall:

- (a) Make such provisions for sanitation as may be directed by the Authority and shall at all times observe and perform any requirements of the said Authority respecting sanitation.
- (b) not establish any camps or habitations within any area under the control of the Authority unless with the consent of the Authority.
- (c) Not sink any drillhole within the stored waters on the subject area nor within **40** metres of the top water level thereof unless with the consent of the Authority.
- (d) Not sink any drillhole within any watercourse on the **Metropolitan Special Area** nor within **800** metres thereof unless with the consent of the Authority.
- (e) Not interfere with or impede the use of the Authority tracks of endanger their stability in any way by reason of the operations.
- (f) Not construct any road to the sites of any drillholes unless with the consent of the Authority to the proposed route and type of road construction.

- (g) Not interfere in any way with any fences on or adjacent to the **Metropolitan Special Area** unless with the consent in writing of the owner thereof or the Authority.
- (h) Give twenty eight days notice to the General Manager, Catchment Operations and Major Projects, Sydney Catchment Authority, Penrith, of its intention to commence drilling operations.
- (i) Not cut or remove any timber except such as directly obstructs or prevents the carrying on of operations and the lease holder shall obtain the consent in writing of the Authority before making use of the timber so cut for other than in connection with operations.
- (j) Complete work in relation to rehabilitation within the **Metropolitan Special Area** before termination of the authority to the satisfaction of the Authority.