

MINING LEASE

MINING ACT 1992

NO. ML 1554

DATED 1st September A.D. 2004

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

Ulan Coal Mines Limited
A.C.N. 000 189 248

RECORDED in the Department of Mineral
Resources at Sydney, this
1st day of September.
A.D. 2004, at the hour of
o'clock in the noon.


.....
for Director General

MINING ACT 1992

MINING LEASE
(PURPOSES)

John Hawks 17/9/09
N.S.W. STAMP DUTY
CL No. 1846988 COAL MINING LEASE
2003...2004...2005

THIS DEED made the *First* day of *September* Two Thousand and Four in pursuance of the provisions of the Mining Act 1992 (hereinafter called "the Act") BETWEEN **KERRY HICKEY, 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 **Ulan Coal Mines Limited, A.C.N. 000 189 248** (which with its successors and transferees is hereinafter called "the lease holder") **Level 34 Gateway, 1 Macquarie Place, Sydney 2000** in the state of **NSW**.

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, 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 containing by admeasurement **711.6 hectares** and more particularly described and delineated in the plan **Catalogue No. M27024** attached for the purpose of:
- (a) the construction, maintenance or use (in or in connection with mining operations) of:
 - (i) any building or mining plant,
 - (ii) any road,
 - (iii) any reservoir, dam, drain,
 - (iv) any cable, pipeline, telephone line or signalling system,
 - (v) any bin, magazine or fuel chute,
 - (vi) any plant nursery,
 - (c) the stockpiling or depositing of overburden, ore or tailings,
 - (d) the storage of fuel, machinery, timber or equipment for use in or in connection with mining operations,
 - (e) the generation and transmission of electricity for use in or in connection with mining operations.
 - (f) the construction, maintenance and use (in or in connection with mining operations) of any drillhole or shaft for:
 - (i) drainage of gas,
 - (ii) drainage or conveyance of water,
 - (iii) ventilation,
 - (iv) conveyance of electricity,
 - (v) conveyance of materials,
 - (vi) communications,
 - (vii) emergency access to underground workings.

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 **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 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.
 3. THAT the conditions and provisions set forth in the Schedule of Conditions of Authority herein and numbered: **Nos. 1 to 3 inclusive, 6, 11 to 14 inclusive, 16 to 21 inclusive, 24 and 26** 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 Sections 79 and 239 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 this day and year first abovewritten.

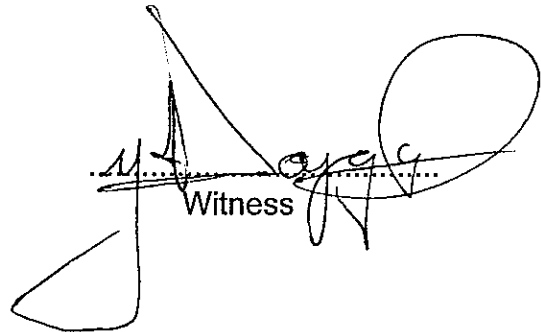
SIGNED AND DELIVERED
BY
KERRY HICKEY,

as such Minister as aforesaid




.....

in the presence of



.....
Witness

SIGNED SEALED AND DELIVERED
by the said
Ulan Coal Mines Limited
A.C.N. 000 189 248



.....
DIRECTOR

Koemay Jimmes
COMPANY SECRETARY

in the presence of



.....
Witness

CONDITIONS OF AUTHORITY (ML) (2004)

Notice to Landholders

1. 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.

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;

- (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.

Control of Operations

6. (a) If an Environmental Officer of the Department of Mineral Resources 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.

Blasting

11. (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 Conservation.

- (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 Conservation.

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.

Rehabilitation

13. (a) Land disturbed must be rehabilitated to a stable and permanent form suitable for a subsequent land use acceptable to the Director-General and in accordance with the Mining Operations Plan so that:-

- (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.
20. 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 Infrastructure, Planning and Natural Resources.

Trees and Timber

- 21. (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 Conservation Act 1997.
- (c) The lease holder must have any necessary licence from State Forests of NSW before using timber from any Crown land within the lease area.

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.

Single Security (extended)

- 26. (a) The single security given and maintained with the Minister by the lease holder for the purpose of ensuring the fulfilment by the lease holder of obligations under **CCL 741 (Act 1973), MPL 315 (Act 1973), ML 1341 (Act 1992), ML 1365 (Act 1992), ML 1366 (Act 1992), ML 1467 (Act 1992), ML 1468 (Act 1992) and ML 1511 (Act 1992)** is extended to apply to this lease.
- (b) 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.

PARISH: BOBADEEN & Blich
 COUNTY: Blich

MAP SHEET No. 8833-1-S AND 8833-4-S

REDUCTION RATIO 1:20,000

MINING LEASE APPLICATION No. 235

MINING DIVISION: SINGLETON

APPLICANT: ULAN COAL MINES LIMITED

APPLICATION DATE: 7-10-2003

MINING LEASE No. 1554 (ACT 1992)

STATUS:

METHOD: MINING PURPOSES

DEPTH RESTRICTION

EMBRACES THE SURFACE AND SOIL BELOW THEREOF TO A DEPTH OF 20 METRES

NOTES:

Azimuth: PM113079 - PM85671.

Plans used in the course of this survey
 DP701344; DP440034; M26896R ; B4421-1570

Survey declared on this plan for lines

I. ROBERT JOHN CROOKS

of LOT 2 BYRON PLACE, MUDGEE

a surveyor registered under the Surveyors Act, 1928,

hereby certify that the survey/compilation represented

in this plan is accurate and has been completed in

accordance with the Surveyors (Practice) Regulation 2001

and the Surveyors General's Direction for Mining Surveys

and was completed on 23RD MARCH, 2004

Signature :

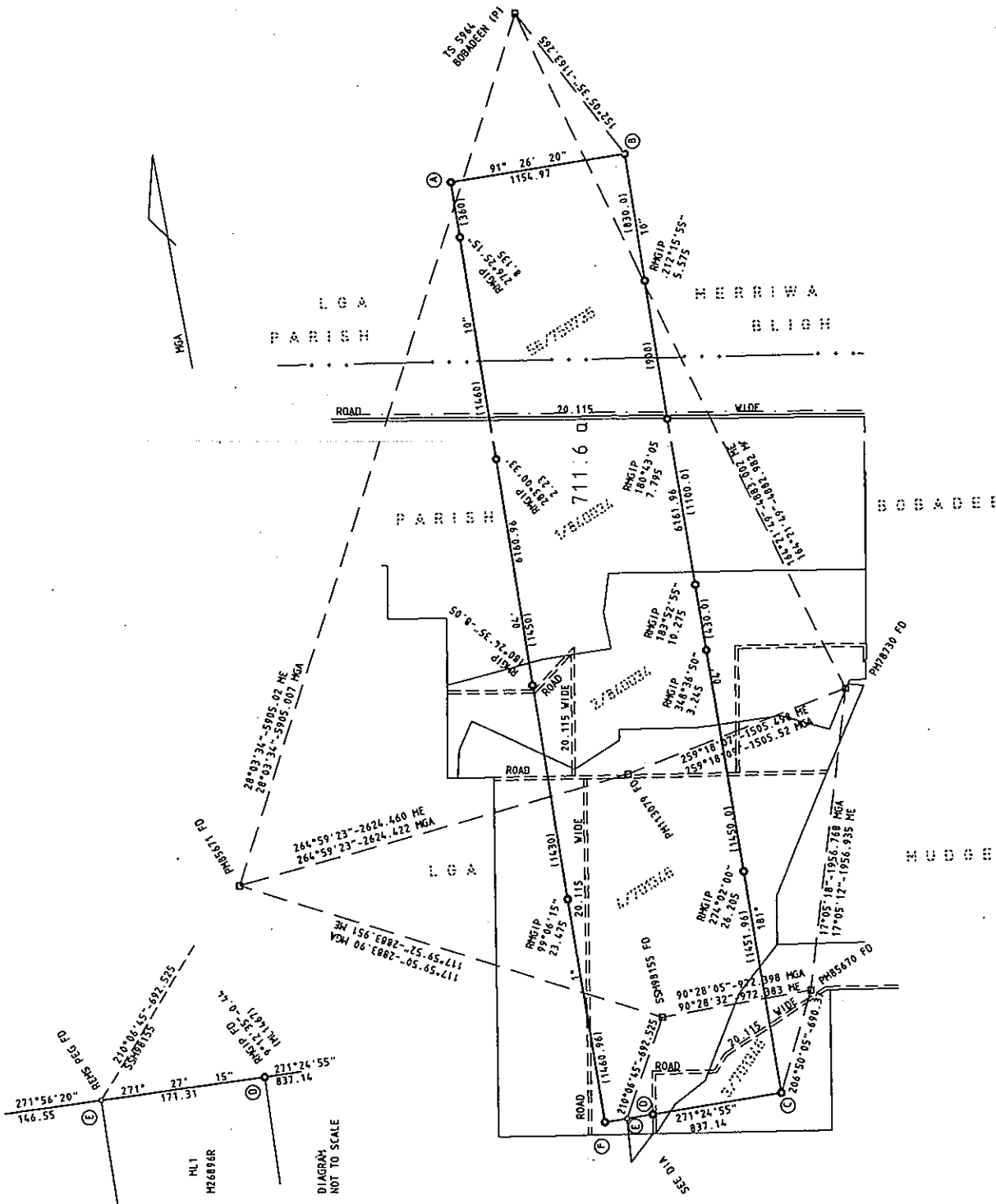
Surveyors Reference : UMS-E NO.04/04-Clause 36(3)

Survey Calcs :

Plan Investigated :

Plan Approved :

Paper No :



SCHEDULE OF MGA CONTROL MARKS
 DATE FROM SC1MS 1-3-2004
 ZONE 55 CONTROL SCALE FACTOR 1.000343 AT PH113079

MARK	EASTING	NORTHING	ACC	CLASS
PH113079	758932.088	6437373.872	3	C
PH85671	758211.808	6437148.505	1	A
PH18730	748211.808	6437157.425	2A	A
TS59864	758095.487	6442361.312	3	2A
SS498155	758844.081	6435784.348	3	C
PH85670	759836.781	6435786.400	3	C

SCHEDULE OF REFERENCE MARKS

COR	BEARING	FROM	DISTANCE
A	175°38'15"	GIP	25.61
B	98°15'20"	GIP	9.505
C	8°33'38"	GIP	0.44
D	90°15'55"	GIP	3.025
F	90°15'55"	GIP	3.025

SCHEDULE OF MGA CO-ORDINATES
 ADOPTING PH113079 AND
 COMBINED SCALE FACTOR 1.000343

COR	EASTING	NORTHING
A	758485.000	6441362.000
B	759440.000	6441333.000
C	759525.000	6435170.000
D	758687.830	6435190.693
E	758516.519	6435195.040
F	758370.000	6435200.000