

EXPLORATION LICENCE

MINING ACT 1992

NO 7430

DATED 18 DECEMBER 2009

THE MINISTER FOR MINERAL AND FOREST
RESOURCES

OF THE STATE

OF NEW SOUTH WALES

TO

LOYAL COAL PTY LTD
(ACN 132 497 913)

MINING ACT 1992

EXPLORATION LICENCE

THIS DEED made the **Eighteen** day of **December** Two Thousand and Nine in pursuance of the provisions of the Mining Act 1992 (hereinafter called "the Act") **BETWEEN IAN MACDONALD, MLC, MINISTER FOR MINERAL AND FOREST 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 **Loyal Coal Pty Ltd (ACN 132 497 913)** (which with its successors and transferees is hereinafter called "the licence holder") of **Suite 9, Level 5, 137-139 Bathurst Street, Sydney NSW 2000**

WHEREAS

- (a) in conformity with the Act application was made for an exploration licence over the lands hereinafter described; and
- (b) all conditions and things required to be done and performed before granting an exploration licence 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 licence to the licence holder ALL THAT piece or parcel of land described in the Exploration Area annexed hereto for the purpose of prospecting for the minerals prescribed as **Group Nine**.

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 licence holder from and including the date of this Deed for a term of **five (5) years** for the purpose as stated and for no other purpose.

1. THAT in this licence 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; 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 licence 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.

3. THAT the conditions and provisions set forth in the Schedule of Exploration Licence Conditions 2009 herein and numbered **1-3 (inclusive), 8, 10-29 (inclusive), 32-34 (inclusive), 36, 38, 41, 42 and 44-48 (inclusive)** are embodied and incorporated within this Deed as conditions and provisions of the licence hereby granted AND that the licence holder shall observe fulfil and perform the same.

PROVIDED always and it is hereby declared as follows:

- (a) THAT if the licence 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 licence 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 licence 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 licence holder or on such later date as is specified in the notice; and any liability incurred by the licence holder before the cancellation took effect shall not be affected.
- (b) THAT no implied covenant for title or for quiet enjoyment shall be contained herein.
- (c) 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 licence granted. The licence holder hereby covenants to observe, fulfil and perform the same.
- (d) 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 licence holder, shall be read and construed as covenants by the licence holder with the Minister which are to be observed and performed.

EXPLORATION AREA

1. The exploration area embraces an area of about **3742 hectares** as shown on **Plan No E3786-01** as shown hereunder exclusive of:-
 - (a) land subject to any assessment lease, mining lease or mineral claim under the Mining Act, 1992, at the date of grant of this licence.
 - (b) land subject to any residence area or business area, granted under the Mining Act 1906, at the date of grant of this licence.
 - (c) land subject to any pending application for a mining lease, mining purposes lease or claim under the Mining Act, 1973, or any application for a coal lease under the Coal Mining Act, 1973, made prior to **4:00pm** on the **twenty first** day of **September, 2009**.
 - (d) land subject to any pending application for an assessment lease, mining lease or mineral claim under the Mining Act 1992, made prior to **4:00pm** on the **twenty first** day of **September, 2009**.
 - (e) land subject to any prospecting licence taken to be an exploration licence pursuant to Clause 31 of the Transitional Provisions and Savings to the Mining Act, 1973.
 - (f) land subject to any exploration licence continuing to have effect, pursuant to the provisions of Section 29(2) of the Mining Act, 1992, by virtue of an application for an assessment lease, mining lease or mineral claim.
 - (g) land on which mining operations are being carried out by the owner of the mineral or some person with his consent and over which an exploration licence may not be granted by virtue of the provisions of Section 20 of the Mining Act, 1992.

- (h) land vested in the Commonwealth of Australia.
- (i) land subject to any national park, regional park, historic site, nature reserve, karst conservation reserve or Aboriginal area at the date of this licence.

Note: This exclusion includes national parks and Aboriginal areas contained within Community Conservation Area Zones 1 and 2 established under the *Brigalow and Nandewar Community Conservation Area Act 2005*

2. In respect of land vested in or owned by an Aboriginal Land Council under the provisions of the Aboriginal Land Rights Act 1983, this licence does not apply to any mineral vested in any such Council.

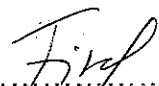
IN WITNESS WHEREOF the parties hereto have executed this Deed the day and year first abovewritten.

SIGNED AND DELIVERED BY

LOYAL COAL PTY LTD
(ACN 132 497 913)

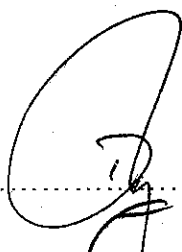


.....

in the presence of


.....
WITNESS

SIGNED AND DELIVERED BY:

MANAGER, COAL & PETROLEUM TITLES
AND SYSTEMS
UNDER DELEGATION FROM THE MINISTER


.....

.....

In the presence of

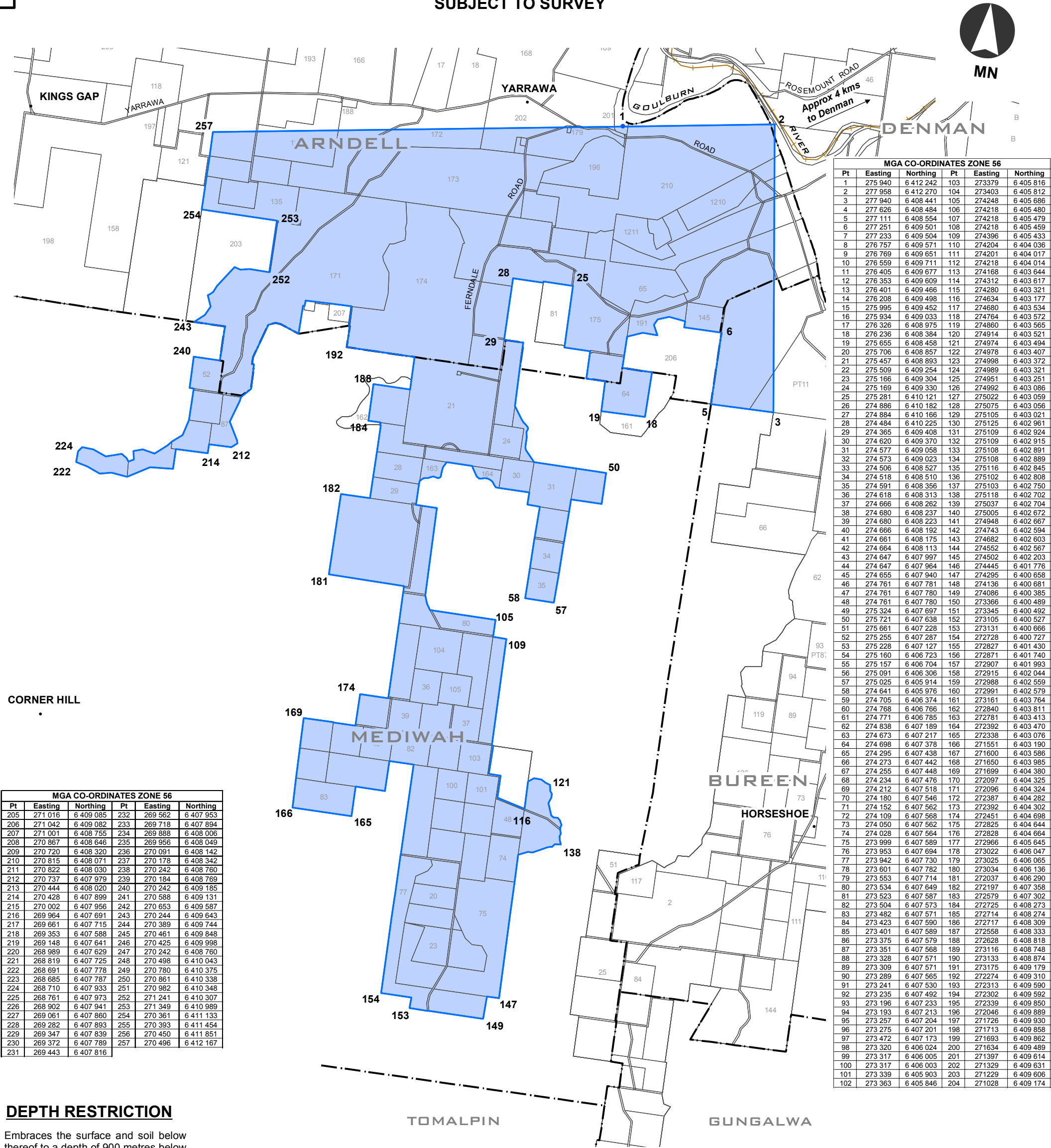
WITNESS

DIAGRAM OF EXPLORATION LICENCE No. 7430
HOLDER: LOYAL COAL PTY LIMITED
PARISHES: ARNDELL, BUREEN, DENMAN, GUNGALWA & MEDIWAH
COUNTY: BRISBANE & HUNTER
SCALE 1: 50000

(ELA No. 3786)

REF MAP: SINGLETON S156-1

SUBJECT TO SURVEY

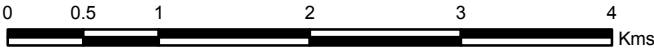


MGA CO-ORDINATES ZONE 56					
Pt	Easting	Northing	Pt	Easting	Northing
205	271 016	6 409 085	232	269 562	6 407 953
206	271 042	6 409 082	233	269 718	6 407 894
207	271 001	6 408 755	234	269 888	6 408 006
208	270 867	6 408 646	235	269 956	6 408 049
209	270 720	6 408 320	236	270 091	6 408 142
210	270 815	6 408 071	237	270 178	6 408 342
211	270 822	6 408 030	238	270 242	6 408 760
212	270 737	6 407 979	239	270 184	6 408 769
213	270 444	6 408 020	240	270 242	6 409 185
214	270 428	6 407 899	241	270 588	6 409 131
215	270 002	6 407 956	242	270 653	6 409 587
216	269 964	6 407 691	243	270 244	6 409 643
217	269 661	6 407 715	244	270 389	6 409 744
218	269 353	6 407 588	245	270 461	6 409 848
219	269 148	6 407 641	246	270 425	6 409 998
220	268 989	6 407 629	247	270 242	6 408 760
221	268 819	6 407 725	248	270 498	6 410 043
222	268 691	6 407 778	249	270 780	6 410 375
223	268 685	6 407 787	250	270 861	6 410 338
224	268 710	6 407 933	251	270 982	6 410 348
225	268 761	6 407 973	252	271 241	6 410 307
226	268 902	6 407 941	253	271 349	6 410 989
227	269 061	6 407 860	254	270 361	6 411 133
228	269 282	6 407 893	255	270 393	6 411 454
229	269 347	6 407 839	256	270 450	6 411 851
230	269 372	6 407 789	257	270 496	6 412 167
231	269 443	6 407 816			

MGA CO-ORDINATES ZONE 56					
Pt	Easting	Northing	Pt	Easting	Northing
1	275 940	6 412 242	103	273379	6 405 816
2	277 958	6 412 270	104	273403	6 405 812
3	277 940	6 408 441	105	274248	6 405 686
4	277 626	6 408 484	106	274218	6 405 480
5	277 111	6 408 554	107	274218	6 405 479
6	277 251	6 409 501	108	274218	6 405 459
7	277 233	6 409 504	109	274396	6 405 433
8	276 757	6 409 571	110	274204	6 404 036
9	276 769	6 409 651	111	274201	6 404 017
10	276 559	6 409 711	112	274218	6 404 014
11	276 405	6 409 677	113	274168	6 403 644
12	276 353	6 409 609	114	274312	6 403 617
13	276 401	6 409 466	115	274280	6 403 321
14	276 208	6 409 498	116	274634	6 403 177
15	275 995	6 409 452	117	274680	6 403 534
16	275 934	6 409 033	118	274764	6 403 572
17	276 326	6 408 975	119	274860	6 403 565
18	276 236	6 408 384	120	274914	6 403 521
19	275 655	6 408 458	121	274974	6 403 494
20	275 706	6 408 857	122	274978	6 403 407
21	275 457	6 408 893	123	274998	6 403 372
22	275 509	6 409 254	124	274989	6 403 321
23	275 166	6 409 304	125	274951	6 403 251
24	275 169	6 409 330	126	274992	6 403 086
25	275 281	6 410 121	127	275022	6 403 059
26	274 896	6 410 182	128	275075	6 403 056
27	274 884	6 410 166	129	275105	6 403 021
28	274 484	6 410 225	130	275125	6 402 961
29	274 365	6 409 408	131	275109	6 402 924
30	274 620	6 409 370	132	275109	6 402 915
31	274 577	6 409 058	133	275108	6 402 891
32	274 573	6 409 023	134	275108	6 402 889
33	274 506	6 408 527	135	275116	6 402 845
34	274 518	6 408 510	136	275102	6 402 808
35	274 591	6 408 356	137	275103	6 402 750
36	274 618	6 408 313	138	275118	6 402 702
37	274 666	6 408 262	139	275037	6 402 704
38	274 680	6 408 237	140	275005	6 402 672
39	274 680	6 408 223	141	274948	6 402 667
40	274 666	6 408 192	142	274743	6 402 594
41	274 661	6 408 175	143	274682	6 402 603
42	274 664	6 408 113	144	274552	6 402 567
43	274 647	6 407 997	145	274502	6 402 203
44	274 647	6 407 964	146	274445	6 401 776
45	274 655	6 407 940	147	274295	6 400 658
46	274 761	6 407 781	148	274136	6 400 681
47	274 761	6 407 780	149	274086	6 400 385
48	274 761	6 407 780	150	273366	6 400 489
49	275 324	6 407 697	151	273345	6 400 492
50	275 721	6 407 638	152	273105	6 400 527
51	275 661	6 407 228	153	273131	6 400 666
52	275 255	6 407 287	154	272728	6 400 727
53	275 228	6 407 127	155	272827	6 401 430
54	275 160	6 406 723	156	272871	6 401 740
55	275 157	6 406 704	157	272907	6 401 993
56	275 091	6 406 306	158	272915	6 402 044
57	275 025	6 405 914	159	272988	6 402 559
58	274 641	6 405 976	160	272991	6 402 579
59	274 705	6 406 374	161	273161	6 403 764
60	274 768	6 406 766	162	272840	6 403 811
61	274 771	6 406 785	163	272781	6 403 413
62	274 838	6 407 189	164	272392	6 403 470
63	274 673	6 407 217	165	272338	6 403 076
64	274 698	6 407 378	166	271551	6 403 190
65	274 295	6 407 438	167	271600	6 403 586
66	274 273	6 407 442	168	271650	6 403 985
67	274 255	6 407 448	169	271699	6 404 380
68	274 234	6 407 476	170	272097	6 404 325
69	274 212	6 407 518	171	272096	6 404 324
70	274 180	6 407 546	172	272387	6 404 282
71	274 152	6 407 562	173	272392	6 404 302
72	274 109	6 407 568	174	272451	6 404 698
73	274 050	6 407 562	175	272825	6 404 644
74	274 028	6 407 564	176	272828	6 404 664
75	273 999	6 407 589	177	272966	6 405 645
76	273 953	6 407 694	178	273022	6 406 047
77	273 942	6 407 730	179	273025	6 406 065
78	273 601	6 407 782	180	273034	6 406 136
79	273 553	6 407 714	181	272037	6 406 290
80	273 534	6 407 649	182	272197	6 407 358
81	273 523	6 407 587	183	272579	6 407 302
82	273 504	6 407 573	184	272725	6 408 273
83	273 482	6 407 571	185	272714	6 408 274
84	273 423	6 407 590	186	272717	6 408 309
85	273 401	6 407 589	187	272558	6 408 333
86	273 375	6 407 579	188	272628	6 408 818
87	273 351	6 407 568	189	273116	6 408 748
88	273 328	6 407 571	190	273133	6 408 874
89	273 309	6 407 571	191	273175	6 409 179
90	273 289	6 407 565	192	272274	6 409 310
91	273 241	6 407 530	193	272313	6 409 590
92	273 235	6 407 492	194	272302	6 409 592
93	273 196	6 407 233	195	272339	6 409 850
94	273 193	6 407 213	196	272046	6 409 889
95	273 257	6 407 204	197	271726	6 409 930
96	273 275	6 407 201	198	271713	6 409 858
97	273 472	6 407 173	199	271693	6 409 862
98	273 320	6 406 024	200	271634	6 409 489
99	273 317	6 406 005	201	271397	6 409 614
100	273 317	6 406 003	202	271329	6 409 631
101	273 339	6 405 903	203	271229	6 409 606
102	273 363	6 405 846	204	271028	6 409 174

DEPTH RESTRICTION

Embraces the surface and soil below thereof to a depth of 900 metres below (AHD) Australian Height Datum.



AREA: abt. 3742 ha

Prepared by: F. Schiavo
Date: 22-10-2009
Approved by: P.Hord
Date: 22-10-2009
Grant Revision: 08-02-2010
Maitland Regional Office

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EXPLORATION LICENCE CONDITIONS 2009

Contents

DEFINITIONS

- 1 Categories of Prospecting Operations
- 2 Sensitive Areas
- 3 Other Definitions

Section A. APPROVAL OF PROSPECTING OPERATIONS

- 1. Prospecting Operations Permitted under the Licence
- 2. Prospecting Operations Requiring Further Approval

Section B. SPECIAL AREAS CONDITIONS

- 3. Exempted Areas
- 8. Native Title Areas

Section C. ENVIRONMENTAL MANAGEMENT CONDITIONS

- 10. Environmental Management Conditions
- 11. Environmental Management - General
- 12. Aboriginal Cultural Heritage
- 13. Threatened Species, Populations, Ecological Communities and Critical Habitat
- 14. Heritage Items
- 15. Trees and Vegetation
- 16. Roads and Tracks
- 17. Streams and Watercourses
- 18. Erosion and Sediment Controls
- 19. Prevention and Monitoring of Pollution
- 20. Refuse, Chemicals, Fuels and Waste Materials
- 21. Transmission Lines, Communication Lines, Pipelines and other Public Utilities
- 22. Public and Private Property
- 23. Drilling
- 24. Drilling (Additional for Group 8 and 9 Minerals)
- 25. Drilling on Beds of Waterbodies or Lakes
- 26. Maintenance of Open Drillholes
- 27. Rehabilitation of Land
- 28. Environmental Reporting
- 29. Security
- 32. Failure to Fulfil Obligations

Section D. GENERAL CONDITIONS

- 33. Control of Operations
- 34. Landholder Liaison Program (Group 9 Minerals)
- 36. Safety of Operations
- 38. Core Samples (For Group 8 and 9 Minerals)

Section E. EXPLORATION PERFORMANCE AND REPORTING CONDITIONS

- 41. Completion of Exploration Program**
- 42. Technical Management of Exploration**
- 44. Geological Reports (For Group 8 and 9 Minerals)**
- 45. Confidentiality of Reports**
- 46. Licence to Use Reports**
- 47. Terms of the non-exclusive licence**
- 48. Co-Operation Agreement**

Definitions

1 Categories of Prospecting Operations

Three categories of prospecting operations are defined under this licence, as follows:

Category 1: Reconnaissance and low intensity activities, including:

- (a) Geological mapping
- (b) Airborne surveys
- (c) Sampling and coring using hand held equipment
- (d) Geophysical surveys and downhole logging, but not seismic surveys
- (e) Shallow reconnaissance drilling involving no more than minimal site preparation
- (f) Minor clearing or cutting of native vegetation
- (g) Minor excavations excluding costeaning or bulk sampling
- (h) Vehicle access that does not require construction of new tracks

Category 2: Operations which have potential for moderate disturbance to the land surface, native vegetation or other environmental value, including:

- (a) Operations under Category 1 (c) to (h) within or adjacent to Sensitive Areas*
- (b) Operations under Category 1 (c) to (h) of a concentrated or cumulative nature
- (c) Seismic surveys
- (d) Excavating or bulk sampling not exceeding 60 cubic metres
- (e) Non-intensive drilling involving no more than moderate site preparation, excluding drilling holes exceeding 400 millimetre diameter
- (f) Camp construction
- (g) Access tracks, drill pads or line clearing involving no more than moderate native vegetation disturbance

Category 3: Operations which have potential to cause significant environmental impact involving, for example, considerable land surface disturbance or native vegetation clearing, including:

- (a) Operations under Category 2 (c) to (g) within or adjacent to Sensitive Areas*
- (b) Operations under Category 2 (c) to (g) of a concentrated or cumulative nature
- (c) Excavations or bulk sampling in excess of 60 cubic metres
- (d) Shaft sinking or tunnelling
- (e) Drilling holes in excess of 400 millimetre diameter
- (f) Intensive drilling, such as for resource definition purposes.
- (g) Access tracks involving formed construction

* see definition 2 for Sensitive Areas

2 Sensitive Areas

For the purposes of the licence, **Sensitive Areas** include the following:

- (a) land reserved as a State Conservation Area under the *National Parks and Wildlife Act 1974*;
- (b) land declared as an Aboriginal place under the *National Parks and Wildlife Act 1974*;
- (c) land identified as wilderness under the *Wilderness Act 1987*;
- (d) land subject to a 'conservation agreement' under the *National Parks and Wildlife Act 1974*;
- (e) land acquired by the Minister for the Environment under Part 11 of the *National Parks and Wildlife Act 1974*;
- (f) land proposed to be reserved under the *National Parks and Wildlife Act 1974*.
- (g) land within State forests mapped as Forestry Management Zone 1, 2 or 3;
- (h) wetlands mapped under SEPP 14 - Coastal Wetlands;
- (i) wetlands listed under the Ramsar Wetlands Convention;
- (j) lands mapped under SEPP 26 - Littoral Rainforests;
- (k) areas listed on the Register of National Estate;
- (l) areas listed under the *Heritage Act 1977* for which a plan of management has been prepared;
- (m) land declared as critical habitat under the *Threatened Species Conservation Act 1995*;
- (n) land within a restricted area prescribed by a controlling water authority;
- (o) land reserved or dedicated under the *Crown Lands Act 1989* for the preservation of flora, fauna, geological formations or other environmental protection purpose; and
- (p) any other land identified as Sensitive Land by the Department

It should be noted that some of these areas are also "exempted areas" under the Act.

3 Other Definitions

"Act" means the *Mining Act 1992*

"Department" means the Department of Primary Industries

"Minister" means the Minister administering the *Mining Act 1992*

"Wetlands" means wetlands mapped as such under State Environmental Planning Policy No 14 - Coastal Wetlands;

EXPLORATION LICENCE CONDITIONS 2009

Section A APPROVAL OF PROSPECTING OPERATIONS

1 Prospecting Operations Permitted under the Licence

The prospecting operations listed in Category 1 may be conducted on the licence area provided that:

- (a) the operations do not cause more than minimal impact on the environment, taking into account the sensitivity of the local environment to disturbance;
- (b) the operations do not cause harm to any threatened species, population or ecological community, or their habitats, including critical habitat;
- (c) the operations do not cause damage to Aboriginal objects or Aboriginal places;
- (d) the operations do not cause damage to the values and features listed in section 238 of the Act;
- (e) the requirements of section 30 of the Act are met, if relevant; and
- (f) the requirements of all State conservation, threatened species, environmental protection, heritage and related legislation are met.

2 Prospecting Operations Requiring Further Approval

All prospecting operations not covered by Condition 1 require additional approval. Such operations comprise:

- (a) prospecting operations listed in Category 1 where the provisos listed under Condition 1 cannot be satisfied;
- (b) prospecting operations listed in Category 2 or 3; and
- (c) surface disturbing prospecting operations not listed in Categories 1, 2 or 3.

All such prospecting operations require prior notification on a Surface Disturbance Notice form to the Department.

Approval by the Department requires assessment and determination under Part 5 of the *Environmental Planning and Assessment Act 1979 (EP&A Act)*.

In the case of prospecting operations listed in Category 3, a review of environmental factors (REF) must be prepared, and must accompany the Surface Disturbance Notice. In respect of prospecting operations not listed under Category 3, the Department, after consideration of the completed Surface Disturbance Notice form, will determine whether a REF must be prepared and notify the licence holder in writing. Any REF must be prepared in accordance with Departmental guidelines. If the impact of prospecting operations on the environment is determined as likely to be significant in terms of Part 5 of the *EP&A Act*, then the Department will require the licence holder to submit an Environmental Impact Statement (EIS).

The licence holder must not commence the operations without prior written approval from the Department.

Section B SPECIAL AREA CONDITIONS

3 Exempted Areas

The licence holder must not commence prospecting operations in an exempted area under the Act without obtaining prior written consent from the Minister.

"Exempted areas" under the Act are lands set aside for public purposes. They include travelling stock reserves, road reserves, water supply reserves, State forests, and public reserves and permanent commons. Under Section 30 of the Act the "exercise of rights" under an exploration licence is subject to the consent of the Minister. The "exercise of rights" includes the right to conduct prospecting operations. The Minister's consent requires assessment and determination under Part 5 of the *EP&A Act*.

Applications for the Minister's consent to exercise rights under the licence may address Category 1 prospecting operations only, or may also address prospecting operations requiring further approval under Condition 2. If an application for the Minister's consent is submitted in terms of Category 1 prospecting operations only, then if granted it will contain a condition requiring approval of further prospecting operations under Condition 2. If the application also addresses prospecting operations requiring further approval under Condition 2, then it will satisfy the requirements of Condition 2 for prior notification to and approval by the Department of those operations. The Minister's consent may be granted subject to conditions.

Applications for the Minister's consent to exercise rights under the licence are to be submitted to the Titles Program, accompanied by any necessary Surface Disturbance Notice form, REF or EIS (see Condition 2). Inclusion of the views and requirements of the agency or council controlling the exempted area will speed up the consent process.

8 Native Title Areas

The licence holder must not prospect on any land or waters on which native title exists without the prior written consent of the Minister.

Section C ENVIRONMENTAL MANAGEMENT OF PROSPECTING OPERATIONS.

10 Environmental Management Conditions

- (a) Conditions attached to any consent or approval given pursuant to the Act or this licence are taken to be conditions of this licence and are enforceable under the Act as such.
- (b) Without limiting the generality of paragraph (a) conditions attached to the following approvals and consents are taken to be conditions of this licence and are enforceable as such:
 - i) Approvals under conditions 2, 6, 9, 16(a), 17, 20(b) and 21(a) (if included in the licence); and
 - ii) Consents under conditions 3 and 4 (if included in the licence).
- (c) For the purposes of Sections 125(3) and 374A(1) of the Act, Conditions 1 to 6 and 9 to 32 (if included in the licence) are identified as being related to environmental management.

- (d) For the purposes of Division 3 of Part 11 of the Act, Conditions 1 to 6 and 9 to 28 (if included in the licence) are identified as being imposed under Division 2 of Part 11 of the Act, as well as being imposed under Section 26(1), 114(4) or 121(3) of the Act as the case may be.

11 Environmental Management – General

- (a) Environmental management of operations must be carried out according to current best environmental practice* or, alternately, it must conform to a specific Environmental Management Plan prepared by the licence holder which is acceptable to the Department.

*As a guide see "Onshore Minerals and Petroleum Exploration", 1996 Commonwealth Department of the Environment and Heritage or "Guidelines for Environmentally Responsible Mineral Exploration in NSW" 1998 NSW Minerals Council.

- (b) Approval of Category 3 prospecting operations may be subject to a requirement to prepare an Environmental Management Plan (EMP). When directed in writing by the Department, the licence holder must prepare an EMP for the operations or for a specific aspect of the operations. The EMP must be prepared in a format and with content as specified and to a timetable specified by the Department.

12 Aboriginal Cultural Heritage

- (a) Prior to carrying out any prospecting operations the licence holder must consider potential impacts on Aboriginal Heritage according to Guidelines for Aboriginal Heritage Impact Assessment in the Exploration and Mining Industries (NPWS, October 1997).
- (b) Aboriginal Cultural Heritage issues must be satisfactorily addressed in any notification under Condition 2 of this licence.
- (c) The licence holder must not knowingly destroy, deface or damage any Aboriginal object or Aboriginal place within the area except in accordance with a consent issued under the *National Parks and Wildlife Act 1974*. The licence holder must take all necessary precautions in drilling, excavating or disturbing the land against any such destruction, defacement or damage.

13 Threatened Species, Populations, Ecological Communities and their Habitats, and Critical Habitat

- (a) Prior to carrying out any prospecting operations the licence holder must consider potential impacts on threatened species (of plants, animals and fish), populations and ecological communities and their habitats, and critical habitat, and plan the activities to minimise any such impacts.
- (b) Threatened species populations and ecological communities and their habitats, and critical habitat, must be satisfactorily addressed in any notification under Condition 2 of this licence.
- (c) The licence holder must comply with legislation relating to threatened species, populations, ecological communities and their habitat, and critical habitat. Should prospecting operations require a licence under the *National Parks and Wildlife Act 1974* or the *Threatened Species Conservation Act 1995* then the licence holder must obtain such a licence.

14 Heritage Items

- (a) Prior to carrying out any prospecting operations the licence holder must consider potential impacts on items of heritage significance including old mine relics and workings. The licence holder must take all necessary precautions in drilling, excavating or disturbing the land against causing any damage to or destruction of items of heritage significance.
- (b) Heritage items must be satisfactorily addressed in any notification under Condition 2 of this licence.
- (c) The licence holder must not disturb any item of heritage significance within the area except in accordance with an approval issued under the *Heritage Act 1977*.

15 Trees and Vegetation

- (a) The licence holder must not fell trees, strip bark or cut timber on any land subject of this licence 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 the Mining Warden.
- (b) The licence holder must not cut, destroy, ringbark or remove any timber or other vegetative cover on any land the subject of this licence other than in accordance with the conditions of this licence and any approval granted thereunder. Any clearing not authorised under the Act must comply with the provisions of the *Native Vegetation Act 2003*.
- (c) The licence holder must have any necessary licence from the Department's State Forests Division before using timber from any Crown land within the licence area.

16 Roads and Tracks

- (a) Operations must not affect the public's normal use of any road or track unless with the prior written approval of the Department.
- (b) Operations must not affect the availability of existing roads on any land for use for fire fighting.
- (c) The licence holder must pay to the designated authority in control of the road or track (generally the local council or the Roads and Traffic Authority) the reasonable costs incurred by the designated authority in fixing any damage to roads caused by operations carried out under the licence.
- (d) During wet weather the use of any road or track must be restricted so as to prevent damage to the road or track.
- (e) Existing access tracks should be used for all operations where possible. New access tracks must be kept to a minimum and be positioned so that they do not cause any unnecessary damage to the land, watercourses or vegetation.
- (f) The design, construction, repair and rehabilitation of constructed access tracks must be in accordance with specifications given in any Review of Environmental Factors required (Condition 2) or an Environmental Management Plan (Condition 11) which has been accepted by the Department.
- (g) As soon as possible after they are no longer required for prospecting operations temporary access tracks must be rehabilitated and revegetated to the satisfaction of the Department.

- (h) Rehabilitation activities undertaken in regard to this Condition must be included in reports prepared in accordance with Condition 28 (a).

17 Streams and Watercourses

The licence holder must not interfere with the flow of water in any stream or watercourse without the prior written approval of the Department, and subject to any conditions that may be stipulated.

18 Erosion and Sediment Controls

- (a) All operations must be planned and carried out in a manner that minimises erosion and controls sediment movement. The licence holder must observe and perform any instructions given by the Department in this regard.
- (b) For operations requiring approval under Condition 2 the licence holder must document in any Review of Environmental Factors required a plan setting out the proposed methods for minimising erosion and controlling sediment movement.
- (c) The procedures undertaken to minimise erosion and control of sediment movement must be included in reports prepared in accordance with Condition 28 (a).

19 Prevention and Monitoring of Pollution

- (a) Operations must be planned and carried out in a manner that does not cause or aggravate air pollution, water pollution (including sedimentation) or soil contamination. For the purpose of this condition, water shall be taken to include any watercourse, waterbody or groundwaters. The licence holder must observe and perform any instructions given by the Department in this regard.
- (b) For operations requiring approval under Condition 2 the licence holder must document in any Review of Environmental Factors required the proposed methods for minimising air pollution, water pollution and soil contamination.
- (c) The licence holder must carry out environmental monitoring as directed by the Department to assess environmental performance in relation to prevention of pollution and rehabilitation of affected areas.
- (d) The procedures and results of monitoring of the activities undertaken to minimise air pollution, water pollution and soil contamination must be included in reports prepared in accordance with Condition 28 (a).

20 Refuse, Chemicals, Fuels and Waste Materials

- (a) The licence holder must maintain operations areas in a clean and tidy condition at all times.
- (b) All refuse and waste materials must be collected, segregated and deposited in properly constructed containers and removed to an approved landfill or buried in an approved manner at an approved location.
- (c) Sanitation collection should be in accordance with the requirements of the local authority, or the licence holder must make such provisions for sanitation as may be directed by the Department.

- (d) Precautions must be taken to prevent spills and soil contamination. All chemicals, fuels and oils must be stored in sound containers and kept spill trays or in a bunded area. A supply of appropriate spill and dust prevention and oil absorbent materials must be maintained at drill sites.
- (e) All drill cuttings and fluids must be contained in above-ground tanks or in-ground sumps. To prevent contamination of the groundwater or soils in-ground sumps must be plastic lined whenever toxic or non-biodegradable drilling fluids are used or when drilling into rock potentially containing high concentrations of toxic metals or metalloids.
- (f) Any soil contaminated by chemicals, oils and fuels, or drilling mud or drill core containing toxic metals must be collected and remediated or disposed of in an approved manner, and the site rehabilitated with clean soil.
- (g) Activities undertaken in regard to this Condition must be included in reports prepared in accordance with Condition 28 (a).

21 Transmission Lines, Communication Lines, Pipelines and other Public Utilities

- (a) Operations must not interfere with or impair the stability or efficiency of any transmission line, communication line, pipeline or any other public utility without the prior written approval of the Department and subject to any conditions that may be stipulated.
- (b) If the operation in any way impacts on the utility the licence holder must inform the authority in control of the utility and provide sufficient information for the authority to assess the proposal or its impacts. The licence holder must pay costs for remediation or repair of damage to utilities caused by prospecting operations and associated activities.

22 Public and Private Property

The licence holder must observe any instructions given by the Department in connection with minimising or preventing public inconvenience or damage to public or private property.

23 Drilling

- (a) At least 28 days prior to commencement of drilling operations other than Category 1 drilling the licence holder must notify the relevant Department of Water and Energy regional Hydrologist of the intention to drill exploratory drill holes together with information on the nature and location of the proposed holes.
- (b) If the licence holder drills exploratory drill holes he must satisfy the Department that during and after the activity:
 - i) all holes cored or otherwise are constructed and/or sealed to prevent the collapse of the surrounding surface;
 - ii) if any drill hole meets natural or noxious gases it is plugged or sealed to prevent their escape;
 - iii) if any drill hole meets an artesian or sub-artesian flow it is effectively sealed to prevent contamination or cross-contamination of aquifers, and is permanently sealed with cement plugs to prevent surface discharge of groundwater;
 - iv) potentially hazardous tools or logging equipment dropped in holes and unable to be recovered must be reported to the Regional Inspector of Mines and if directed to do so the licence holder must recover the equipment;

- v) waters flowing from any drill holes must be managed and contained. Disposal of any such waters must be in accordance with the *ANZECC 2000 "Australian and New Zealand Guidelines for Fresh and Marine Water Quality Guidelines"* so as to meet the environmental values of the receiving Climate
- vi) once any drill hole ceases to be used the land and its immediate vicinity is to be rehabilitated to its former condition;
- vii) activities undertaken in regard to this Condition must be included in reports prepared in accordance with Condition 28(a).

24 Drilling (Additional for Group 8 and 9 Minerals)

- (a) Before commencing drilling within the licence area, the licence holder must carry out an assessment of the risk of gas blowouts to the satisfaction of the Department. If this assessment indicates that there is potential for a gas blowout to occur in any particular drillhole, that drillhole is to be drilled using a drilling rig fitted with gas blowout prevention equipment according to the Schedule of Onshore Petroleum Exploration and Production Safety Requirements.
- (b) The licence holder must report orally and forthwith to the Department all over-pressure gas occurrences that occur during drilling. Written notification of the occurrence is to be given to the Inspector within 24 hours of the occurrence.
- (c) The Department may direct the licence holder to undertake analyses and tests on any or all coal seams intersected in drill holes which in the opinion of the Department are likely to be economically mineable.
- (d) once any drill hole ceases to be used the hole must be sealed, surveyed and marked in accordance with Departmental Guidelines for Borehole Sealing on Land: Coal Exploration. Alternatively, the hole must be sealed as instructed by the Department.

25 Drilling on Beds of Waterbodies or Lakes

- (a) Operations must be carried out in a manner that does not affect or impair the integrity of any cable traversing the bed of the Goulburn River.
- (b) The licence holder must control the overflow of drill mud within the Goulburn River in order to prevent pollution of the waterbody.
- (c) The licence holder must seal all drill holes in accordance with the Department's Guidelines for Borehole Sealing Requirements on the Beds of Waterbodies: Coal Exploration. Alternatively the hole must be sealed as instructed by the Director-General.
- (d) Notification must be given to the Regional Hydrologist as per Condition 23 (a).
- (e) Activities undertaken in regard to this Condition must be included in reports prepared in accordance with Condition 28 (a).

26 Maintenance of Open Drillholes

Where the licence holder wishes to temporarily maintain a drillhole in an open condition for monitoring purposes, or where a landholder requests that a drillhole be left open for water supply purposes, the licence holder shall inform the Department and provide reasons for leaving the hole open. If leaving the drillhole open at the request of a landholder, the licence holder must produce a signed copy of a document transferring the responsibility of that drillhole and its licencing requirements to the landholder. All drillholes which are maintained in an open condition must be cased to prevent collapse and fitted with a removable cap to ensure the safety of persons and stock.

27 Rehabilitation of land

- (a) Land disturbed must be rehabilitated to a stable and permanent form suitable for a subsequent land use acceptable to the Department so that:-
 - i) there is no adverse environmental effect outside the disturbed area and the land is properly drained and protected from soil erosion;
 - ii) the state of the land is compatible with the surrounding land and land use requirements;
 - iii) the landforms, soils, hydrology and flora require no greater maintenance than that in or on the surrounding land;
 - iv) in cases where native vegetation has been removed or damaged, and where vegetation is required, species endemic to the area must be re-established. If the previous vegetation was not native, any re-established vegetation must be appropriate to the area or to the satisfaction of the landholder. Any re-established vegetation must be at an acceptable density and diversity; and
 - v) the land does not pose a threat to public safety.
- (b) Any topsoil that is temporarily removed from an area of prospecting operations must be stored, maintained and returned as soon as possible in a manner acceptable to the Department.
- (c) Any shafts, drill holes and excavations, that remain abandoned from previous mining or exploration, which are opened up or used by the licence holder must be filled in or otherwise rehabilitated to a standard acceptable to the Department.
- (d) All rehabilitation of disturbed areas should be completed before the expiry of the licence or immediately following termination of the licence.
- (e) Activities undertaken in regard to this Condition must be included in reports prepared in accordance with Condition 28(a).

28 Environmental Reporting

- (a) An **Environmental and Rehabilitation Report** must be submitted to the Department as follows:
 - i) The reports must be prepared according to Departmental Guidelines for environmental and rehabilitation reporting on exploration licences.
 - ii) The reports must be lodged within one month of expiry or earlier termination of the licence or whenever part of the licence ceases to have effect.

- iii) The reports must be prepared to the satisfaction of the Department and include information on all surface disturbing prospecting operations and rehabilitation carried out in the licence area or in the part of the licence that has ceased to have effect. They should include sufficient information to demonstrate that the requirements of Conditions 1 to 6 and 9 to 27 or those of them included in the licence have been satisfied.
- (b) An **Incident and Complaints Report** must be submitted to the Department as follows:
 - i) The report is to be submitted within 24 hours of confirmation of any serious environmental incident, breach of Conditions 1 to 27 or those of them included in the licence or breach of other environmental regulations, or a serious complaint from landholders or the public.
 - ii) The report must include the details of the exploration licence, contact details for the exploration manager, complainant and landholder, a map showing the area of concern, the nature of the incident or complaint, likely causes and consequences, and a timetable showing actions taken or planned to fix the problem.
 - iii) Details of all incidents or complaints occurring whilst the licence is in force must be included in reports prepared in accordance with Condition 28 (a).
- (c) Additional environmental reports may be required on specific surface disturbing operations or environmental incidents from time to time as directed in writing by the Department and must be lodged as instructed.

29 Security

- (a) A security in the sum of \$20,000 must be given and maintained with the Minister by the licence holder for the purpose of ensuring the fulfilment by the licence holder of obligations under this licence. If the licence 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.
- (b) The licence holder must provide the security required by paragraph (a) in one of the following forms:
 - i) cash, or
 - ii) a security certificate in a form approved by the Minister and issued by an authorised deposit-taking institution.

32 Failure to Fulfil Obligations

For the purposes of Condition 29, the licence holder shall be deemed to have failed to fulfil the obligations of this licence if the licence holder fails to comply with:

- (a) any condition or provision of the licence;
- (b) any condition of a consent or approval given pursuant to the Act or the licence;
- (c) any provision of the Act or regulations made thereunder; or
- (d) any direction or other instruction given by the Department pursuant to paragraphs (a) – (c) above.

Section D GENERAL CONDITIONS

33 Control of Operations

- (a) If the Department believes that the licence holder is not complying with any provision of the Act or Regulations, or any condition or provision of this licence, the Department may direct the licence holder to:
 - i) cease all prospecting operations and other activities authorised by the licence; or
 - ii) cease those prospecting operations and other activities not complying;
 until in the opinion of the Department the situation has been corrected.
- (b) The licence holder must comply with any direction given under this Condition.

34 Landholder Liaison Program (Group 9 Minerals)

The licence holder must establish a Landholder Liaison Program. This program must have procedures for addressing all landholder inquiries or complaints.

Notification of the program is to be given to all landholders within the licence area and to the Department.

36 Safety of Operations

- (a) The licence holder must give notification to the Department at the Department's nearest regional office at least 7 days before commencement of any field exploration activity involving drilling, blasting or other potentially hazardous operation.
- (b) Operations must be carried out in a manner that ensures the safety of landholders and members of the public, stock and wildlife in the vicinity of the operations.
- (c) The measures put in place to control hazards must comply with the *Mine Health and Safety Act 2004* and *Mine Health and Safety Regulation 2007*. These measures include, but are not limited to, the development of a Safety Management Plan prepared according to Departmental guidelines.
- (d) Operations must be carried out and supervised in a manner that ensures the safety of all employees and contractors.

38 Core Samples (For Group 8 and 9 Minerals)

- (a) Where a person obtains a core in the course of drilling any borehole, the core (except any material used for analysis) and any samples obtained there from shall be labelled and properly stored by the person on the completion of the borehole.
- (b) The licence holder must, if using non core drilling methods, retain representative cuttings of every three (3) metres of formation drilled, or change of formation and such samples must be at least 100 grams in weight, dried, bagged and securely labelled with depth limits.
- (c) Cores and samples labelled and stored as required under subsection (a) or (b) shall at all times be available for examination by the Manager Coal Advice of the Department.

- (d) Portions of cores or samples labelled and stored as required under subsection (a) or (b) may be taken by the Manager Coal Advice referred to in subsection (c) for the purpose of analysis or other examination.
- (e) Any information obtained by any person as the result of any action taken under subsection (c) shall not be made public without the consent of the person carrying out the drilling from which the cores or samples were obtained unless the Manager Coal Advice directs otherwise.
- (f) If a person who has obtained cores or samples in the course of drilling any borehole proposes to dispose of the cores or samples:
 - (i) the person shall advise the Manager Coal Advice in writing, and
 - (ii) the Manager Coal Advice may take possession of the cores and samples within 28 days after being given that notice.
- (g) This section does not apply to boreholes or sections of boreholes sunk in surface gravel or alluvial ground.

Section E EXPLORATION PERFORMANCE AND REPORTING CONDITIONS

41 Completion of Exploration Program

The licence holder must satisfactorily complete the work program nominated in the application for this licence or for renewal of this licence. Any change to the proposed program must be approved by the Department.

42 Technical Management of Exploration

Prospecting operations are to be conducted, or directly supervised, by the Technical Manager nominated in the application for this licence. The nominated technical manager must prepare or supervise and approve all exploration reports. Any change to the Technical Manager must be approved by the Department.

44 Exploration Reports (For Group 8 and 9 Minerals)

The licence holder must lodge reports to the satisfaction of the Department detailing the operations conducted. The reports must comply with Departmental guidelines and be lodged, as specified in this condition, and include all maps, plans and data necessary to satisfactorily interpret and evaluate the reports. Approval by the Department is required if the holder wishes to lodge reports at times other than those specified.

- (a) Summary Reports must be lodged within twenty eight (28) days after the expiry of each 6 months during the currency of the licence and must contain:
 - i) a brief summary of prospecting operations carried out, including expenditure thereon, during the 6 month period; and
 - ii) the results and conclusions of all surveys and other operations; and
 - iii) the proposed exploration to be conducted during the following 6 month period.
- (b) Application for Renewal Report must accompany any application for renewal of the licence and contain a comprehensive report of:
 - i) prospecting operations carried out, including expenditure thereon, during the current term of the licence; and

- ii) the results of prospecting operations and the conclusions reached as to the coal resources potential of the licence area.
- (c) Airborne Geophysical Survey Results must be lodged within 6 calendar months of the completion of any airborne geophysical survey. The results must be in digital form and comply with Departmental Guidelines for the Submission of Digital Coal & Petroleum Exploration Data.
- (d) A Final Report must be lodged on the expiry or earlier termination of the licence and must contain:
 - i) details of all surveys and other operations (including details of the expenditure incurred) carried out by or on behalf of the licence holder during the full term of the licence from grant to termination; and
 - ii) the results of the surveys and operations and the conclusions reached by the licence holder as to the coal resources potential of the licence area; and
 - iii) if detailed data has been included in previous reports the Final Report may consist of a summary of all work conducted, and the main results and conclusions of each phase of operations.
- (e) Additional Reports on surveys and other operations may be required from time to time and must be lodged as instructed.

45 Confidentiality of Reports

- (a) All exploration reports lodged in accordance with the conditions of this licence will be kept confidential while the licence is in force, except in cases where:
 - i) the licence 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 licence.
- (b) Confidentiality will be continued beyond the termination of a licence where an application for a flow-on title was lodged during the currency of the licence. The confidentiality will last until that flow-on title or any subsequent flow-on title, has terminated.
- (c) Continued confidentiality is subject to the licence holder lodging a report that covers all exploration conducted on the areas not covered by the flow-on title. This report will be made public.
- (d) The Department may extend the period of confidentiality.

46 Licence to Use Reports

- (a) The licence 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 consent for the purposes of section 365 of the Act.

47 Terms of the non-exclusive licence

The terms of the non-exclusive copyright licence granted under Condition 46(a) are:

- (a) the Minister may sub-license others to publish, print, adapt and reproduce but not on-licence reports.
- (b) the Minister and any sub-licensee will acknowledge the licence 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 licence holder does not warrant ownership of all copyright works in any report and, the licence holder will use best endeavours to identify those parts of the report for which the licence holder owns the copyright.
- (d) there is no royalty payable by the Minister for the licence.
- (e) if the licence 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 licence holder, that licence is revocable on the giving of a period of not less than three months notice.

48 Cooperation Agreement

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

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