 Office of State Revenue
NSW Treasury
Client No: 1846988
Duty: N/A Trans No: MK1646
Asst details: COAL
2372

MINING LEASE
MINING ACT 1992

NO 1646

DATED 4 JANUARY 2011

THE MINISTER FOR PRIMARY
INDUSTRIES

OF THE STATE

OF NEW SOUTH WALES

TO

CIM DURALIE PTY LTD
(ACN 008 703 311)

and

CIM SERVICES PTY LTD
(ACN 070 387 978)

MINING ACT 1992

MINING LEASE

THIS DEED made the Fourth day of January Two Thousand and Eleven in pursuance of the provisions of the *Mining Act 1992* (hereinafter called "the Act") BETWEEN **STEVE WHAN, MP, MINISTER FOR PRIMARY INDUSTRIES** 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 **CIM DURALIE PTY LTD (ACN 008 703 311)** and **CIM SERVICES PTY LTD (ACN 070 387 978)** (which with their successors and transferees are hereinafter called "the lease holder") of **Level 15 Citadel Towers (Tower B), 799 Pacific Highway, CHATSWOOD NSW 2067.**

WHEREAS

- (a) in conformity with the Act application was made for a mining lease over the lands hereinafter described; and
- (b) all conditions and things required to be done and performed before granting a mining lease under the Act have been done and performed NOW THIS DEED WITNESSETH that in consideration of the observance and performance of the covenants contained in this Deed and the payment of royalty by the lease holder, the Minister in pursuance of the provisions of the Act DOES HEREBY demise and lease to the lease holder ALL THAT piece or parcel of land containing by admeasurement **180.3** hectares as shown on Plan No. **M27189**, more particularly described and delineated in the plan attached for the purpose of prospecting and mining for **Coal**.

TO HOLD the said land together with any appurtenances thereon subject to:

- (a) such rights and interests as may be lawfully subsisting therein or which may be reserved by the Act at the date of this Deed; and
- (b) such conditions, provisos and stipulations as are contained in this Deed UNTO the lease holder from and including the date of this Deed for the term of **twenty-one (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 Industry and Investment; the word "mine" has the meaning assigned to it by the Act; words importing the singular number shall include the plural, the masculine gender the feminine or neuter gender and vice versa; and
 - (b) any covenant on the part of two or more persons shall be deemed to bind them jointly and severally.
2. THAT the lease holder shall during the said term pay to the Minister in Sydney in respect of all such minerals as stated, recovered from the land hereby demised, royalty at the rate or rates prescribed by the Act and the Regulations thereunder at the time the minerals are recovered, or at the rate or rates fixed by the Minister from time to time during the term of this demise in exercise of the power in that behalf conferred upon him by the Act.
3. THAT the lease holder shall at all times during the term of this lease keep and preserve the said mine from all avoidable injury or damage and also the levels, drifts, shafts, watercourses, roadways, works, erections and fixtures therein and thereon in good repair and condition and in such state and condition shall on the expiration or sooner determination of the said term or any renewal thereof deliver possession of the land and the premises hereby demised to the Minister or other persons authorised to receive possession thereof.
4. THAT the conditions and provisions set forth in the Schedule of Mining Lease Conditions 2010 herein and numbered: **1-15 (inclusive), 17-19 (inclusive), 23 and 24** 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. Conditions 2 to 8 and 12 to 16 (if included in the mining lease) are identified as conditions relating to environmental management for the purposes of Section 374A(1) of the *Mining Act 1992*.
Note: Conditions 2 to 8 and 12 to 15 of this mining lease are imposed pursuant to sections 238 and 239 of the Mining Act 1992. Clause 7 of Schedule 12 of the Mining Regulation 2010 saves higher penalties for a breach of condition imposed by or under sections 238 or 239 of the Act.

PROVIDED always and it is hereby declared as follows:

- (a) THAT this lease is granted subject to amendment as provided under Section 79 and 168A 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.

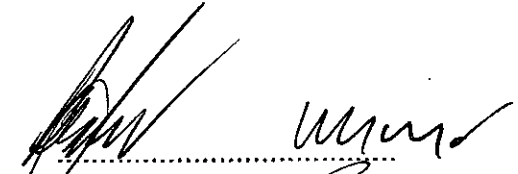
- (c) THAT no implied covenant for title or for quiet enjoyment shall be contained herein.
- (d) THAT all the conditions and provisions contained in the *Mining Act 1992* and the Regulations thereunder, the *Mine Health & Safety Act 2004*, the *Mine Health and Safety Regulation 2007* or the *Coal Mine Health & Safety Regulation 2006*, 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.

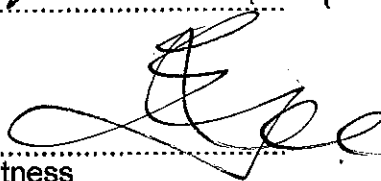
SIGNED AND DELIVERED
BY

CIM DURALIE PTY LTD
(ACN 008 703 311)

in the presence of



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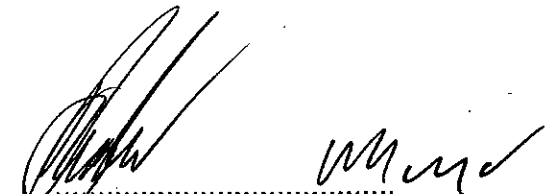


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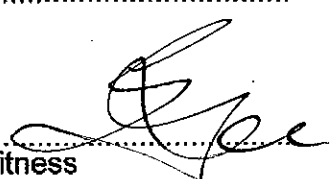
SIGNED AND DELIVERED
BY

CIM SERVICES PTY LTD
(ACN 070 387 978)

in the presence of



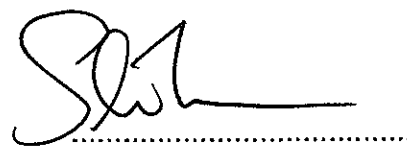
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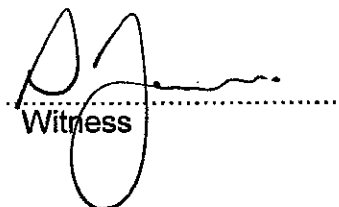
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MINING LEASE CONDITIONS 2010

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Note: Exploration Reports (Geological and Geophysical)

Definition:

“Director-General” means the Director-General of the Department of Industry and Investment

MINING LEASE CONDITIONS 2010

1. Notice to Landholders

- (a) 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.
- (b) 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.

2. Environmental Harm

- (a) The lease holder must implement all practicable measures to prevent and/or minimise any harm to the environment that may result from the construction, operation or rehabilitation of any activities under this lease.
- (b) For the purposes of this condition:
 - (i) environment means components of the earth, including:
 - (A) land, air and water, and
 - (B) any layer of the atmosphere, and
 - (C) any organic or inorganic matter and any living organism, and
 - (D) human-made or modified structures and areas,and includes interacting natural ecosystems that include components referred to in paragraphs (A)–(C).
 - (ii) harm to the environment includes any direct or indirect alteration of the environment that has the effect of degrading the environment and, without limiting the generality of the above, includes any act or omission that results in pollution, contributes to the extinction or degradation of any threatened species, populations or ecological communities and their habitats and causes impacts to places, objects and features of significance to Aboriginal people.

3. Mining Operations Plan

- (a) Mining operations must not be carried out otherwise than in accordance with a Mining Operations Plan (MOP) which has been approved by the Director-General.
- (b) The MOP must:
- (i) identify areas that will be disturbed by mining operations;
 - (ii) detail the staging of specific mining operations;
 - (iii) identify how the mine will be managed to allow mine closure;
 - (iv) identify how mining operations will be carried out in order to prevent and or minimise harm to the environment;
 - (v) reflect the conditions of approval under:
 - the *Environmental Planning and Assessment Act 1979*
 - the *Protection of the Environment Operations Act 1997*
 - and any other approvals relevant to the development including the conditions of this lease; and
 - have regard to any relevant guidelines adopted by the Director-General.
- (c) The leaseholder may apply to the Director-General to amend an approved MOP at any time.
- (d) It is not a breach of this condition if:
- (i) the operations constituting the breach were necessary to comply with a lawful order or direction given under the *Mining Act 1992*, the *Environmental Planning and Assessment Act 1979*, *Protection of the Environment Operations Act 1997*, *Mine Health and Safety Act 2004 / Coal Mine Health and Safety Act 2002* and *Mine Health and Safety Regulation 2007 / Coal Mine Health and Safety Regulation 2006* or the *Occupational Health and Safety Act 2000*; and
 - (ii) the Director-General had been notified in writing of the terms of the order or direction prior to the operations constituting the breach being carried out.
- (e) A MOP ceases to have effect 7 years after date of approval or other such period as identified by the Director-General.

4. Environment Management Report

- (a) The lease holder must lodge Environmental Management Reports (EMR) with the Director-General annually or at dates otherwise directed by the Director-General.
- (b) The EMR must:
 - (i) report against compliance with the MOP;
 - (ii) report on progress in respect of rehabilitation completion criteria;
 - (iii) report on the extent of compliance with regulatory requirements; and
 - (iv) have regard to any relevant guidelines adopted by the Director-General;

5. Environmental Incident Report

- (a) The lease holder must report any environmental incidents. The report must:
 - (i) be prepared according to any relevant Departmental guidelines;
 - (ii) be submitted within 24 hours of the environmental incident occurring;
- (b) For the purposes of this condition, environmental incident includes:
 - (i) any incident causing or threatening material harm to the environment
 - (ii) any breach of Conditions 1 to 9 and 11 to 24;
 - (iii) any breach of environment protection legislation; or,
 - (iv) a serious complaint from landholders or the public.
- (c) For the purposes of this condition, harm to the environment is material if:
 - (i) it involves actual or potential harm to the health or safety of human beings or to ecosystems that is not trivial, or
 - (ii) it results in actual or potential loss or property damage of an amount, or amounts in aggregate, exceeding \$10,000, where loss includes the reasonable costs and expenses that would be incurred in taking all reasonable and practicable measures to prevent, mitigate or make good harm to the environment.

6. Additional Environmental Reports

Additional environmental reports may be required from time to time as directed in writing by the Director-General and must be lodged as instructed.

7. Rehabilitation

Any disturbance as a result of activities under this lease must be rehabilitated to the satisfaction of the Director-General.

8. Subsidence Management

- (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 Applications for Subsidence Management Approvals guidelines (EDG17)
- (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 Mine Health & Safety Act 2002*, or the document *New Subsidence Management Plan Approval Process – Transitional Provisions (EDP09)*.
- (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 3 and will be subject to the Environmental Management Report process as set out under Condition 4. 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*.

9. Working Requirement

The lease holder must:

- (a) ensure that at least **eight (8)** competent people are efficiently employed in relation to the mining process or mining operations on the lease area

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- (b) expend on operations carried out in the course of prospecting or mining the lease area, an amount of not less than **\$140,000** 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.

10. Blasting

(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, Climate Change and Water.

(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, Climate Change and Water.

11. Safety

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 notified in writing to the Department and filled in or otherwise rendered safe to a standard acceptable to the Director-General.

12. Prevention of soil erosion and pollution

Prospecting operations must be carried out in a manner that does not cause or aggravate air pollution, water (including groundwater) pollution, soil contamination or erosion, unless otherwise authorised by a relevant approval, and in accordance with an accepted Mining Operations Plan.

13. Transmission lines, Communication lines and Pipelines

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 stipulated.

14. Roads and Tracks

- (a) The lease holder must pay to the relevant roads authority in control of the road or track the reasonable costs incurred by the roads authority in making good any damage to roads or tracks caused by operations carried out under this lease less any amount paid or payable from the Mine Subsidence Compensation Fund.
- (b) During wet weather the use of any road or track must be restricted so as to prevent damage to the road or track.
- (c) Existing access tracks should be used for all operations where reasonably practicable. New access tracks must be kept to a minimum and be positioned in order to minimise damage to the land, watercourses or vegetation.
- (d) Temporary access tracks must be rehabilitated and revegetated to the satisfaction of the Director-General as soon as reasonably practicable after they are no longer required under this lease.

15. Trees and Vegetation

- (a) The lease holder must not fell trees, strip bark or cut timber on any land subject of this lease without the consent of the landholder who is entitled to the use of the timber.
- (b) The lease holder must contact Forests NSW and obtain any required permit, licence or approval before taking timber from any Crown land within the lease area.

Note: Any clearing not authorised under the Act must comply with the requirements of the Native Vegetation Act 2003. Any clearing or taking of timber on Crown land is subject to the requirements of the Forestry Act 1916.

17. Resource Recovery

- (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, notice in writing to the lease holder may be given 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.

18. Indemnity

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.

19. Security

A security in the sum of **\$500,000** 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.

23. Suspension of Mining Operations

The holder of a mining lease may not suspend mining operations in the mining area other than in accordance with the consent of the Minister.

24. Cooperation Agreement

The lease 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 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.

Note: Exploration Reports (Geological and Geophysical)

The lease holder must lodge reports to the satisfaction of the Director-General in accordance with section 163C of the Mining Act 1992 and in accordance with clause 57 of the Mining Regulation 2010.

Reports must be prepared in accordance with Exploration Reporting: A guide for reporting on exploration and prospecting in New South Wales (Department of Industry and Investment, 2010).