Industry & Investment

Reference: 92/0349

John Maynard
Centennial Springvale Pty Limited &
Springvale SK Kores Pty Limited
PO Box 198
WALLERAWANG NSW 2845

Dear Sir

AUTHORISATION NO 460

I refer to your application for renewal of this licence.

In accordance with the provisions of Section 114 (1) (a) of the *Mining Act 1992*, the Minister has now renewed the licence subject to the terms and conditions set out in the attached Instrument of Renewal.

Renewal of the licence took effect from and including **24 December 2010.**

The responsibility will rest with the licence holder to be aware of the expiry date of this licence, and if renewal is required, to lodge a renewal application. Any application must be lodged within the prescribed period. Renewals may be lodged by completing an Application for Renewal of an Exploration Licence (Form EL5) which is available on the Departmental website. This form and the fees relating to applications are available on the Departmental website (http://www.dpi.nsw.gov.au).

Your attention is invited to the "access arrangements" provisions of the Mining Act 1992. They provide, amongst other things, that the holder of a licence may not carry out prospecting operations on any **land** (as described in the Dictionary of the *Mining Act 1992* (Updated 1 August 2008), including land where native title exists), except in accordance with an access arrangement with each landholder or as determined by an arbitrator. An access arrangement may make provision for any matter mentioned in Section 141 (1).

In addition, compensation is payable to the **landholder** (as described in the Dictionary of the *Mining Act 1992*, updated 1 August 2008) of any land for any loss suffered, or likely to be suffered, as a result of the exercise of the rights conferred by the licence or by an access arrangement in respect of the licence. Section 263 of the Act relates to this matter.

Minerals - Titles 516 High St Maitland NSW 2320
PO Box 344 Hunter Region Mail Centre NSW 2310
Email: webcoal.titles@industry.nsw.gov.au Fax: 02 49316776
ABN 72 189 919 072 www.industry.nsw.gov.au

The Environmental Sustainability Division's Guidelines regarding the sealing of boreholes on land or water may be downloaded from the Department's website, www.dpi.nsw.gov.au *Minerals and Petroleum/Environment/Policies/Guidelines for Industry.*

In regard to Condition 48 (Cooperation Agreement) -- the TASMAP system located on the Department's website at http://www.dpi.nsw.gov.au/minerals/titles/online-services/tasmap will be of assistance in determining the presence of overlapping petroleum titles.

Thank you for providing a replacement security certificate. A refund of the cash security will be made to you in the near future.

For further information, please contact the undersigned on (02) 4931 6578.

Yours faithfully

Jeff Inman
for Minister
11 January 2011

MINING ACT 1992

INSTRUMENT OF RENEWAL OF AUTHORISATION NO 460 HELD BY CENTENNIAL SPRINGVALE PTY LIMITED and SPRINGVALE SK KORES PTY LIMITED

I, **STEVE WHAN, MP, MINISTER FOR PRIMARY INDUSTRIES** for the State of New South Wales **HEREBY RENEW THE LICENCE** subject to the terms and conditions set out below:

1. The licence is renewed for a further term until **6 June 2015.**

2. The conditions of the licence are amended by deleting all the conditions contained in the licence prior to this renewal and by including the attached **Exploration Licence Conditions 2009** numbered:

   1-3 (inclusive), 7, 10-24 (inclusive), 26-29 (inclusive), 32-34 (inclusive), 36, 38, 41, 42 and 44-48 (inclusive).

3. The licence is renewed over the land described hereunder and shown on the **Exploration Area** attached hereto.

4. Mineral Group covered by this licence: Group 9. (Coal & Oil Shale).

We, **Centennial Springvale Pty Limited (ACN 052 096 812) and Springvale SK Kores Pty Limited (ACN 051 015 402)** hereby accept the renewal of this Exploration Licence and agree to be bound by the conditions specified.

Tony Mackie

.....

Centennial Springvale Pty Limited
(ACN 052 096 812)

.....

Springvale SK Kores Pty Limited
(ACN 051 015 402)

Renewed this TWENTY FOURTH day of DECEMBER 2010

.....

TEAM LEADER COAL & PETROLEUM TITLES
UNDER DELEGATION FROM THE MINISTER

EXPLORATION AREA

The exploration area embraces an area of about **1104 hectares**, as shown on the **Plan No A460-02** hereunder exclusive of:-

(a) land subject to any assessment lease, mining lease or mineral claim under the *Mining Act 1992*, at the date this renewal has effect.

(b) 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 **9:30am** on the **fourth** day of **May**, **1992**.

(c) land subject to any pending application for an assessment lease, mining lease or mineral claim under the *Mining Act 1992*, made prior to **9:30am** on the **fourth** day of **May**, **1992**.

(d) land on which bona fide mining operations were being carried out at the date of grant of the licence by the owner of the mineral or some person with his consent and over which the exploration licence was not granted by virtue of the provisions of Section 23(4) of the *Coal Mining Act 1973*.

(e) land on which mining operations were being carried out at the date of grant of the licence 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*.

(f) land vested in the Commonwealth of Australia.

(g) land subject to any national park, regional park, historic site, nature reserve, karst conservation reserve or Aboriginal area at the date of grant 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.*

(h) any other land that was not subject to the licence immediately before this renewal.

(i) land subject to any mining reserve that prohibits exploration.

PLAN No. A460-02

INDUSTRY & INVESTMENT

File: C92-0349

DIAGRAM OF AUTHORISATION No. 460

HOLDER: CENTENNIAL SPRINGVALE PTY LIMITED & SPRINGVALE SK KORES PTY LIMITED

PARISHES: MARRANGAROO & LIDSDALE — **COUNTY: COOK**

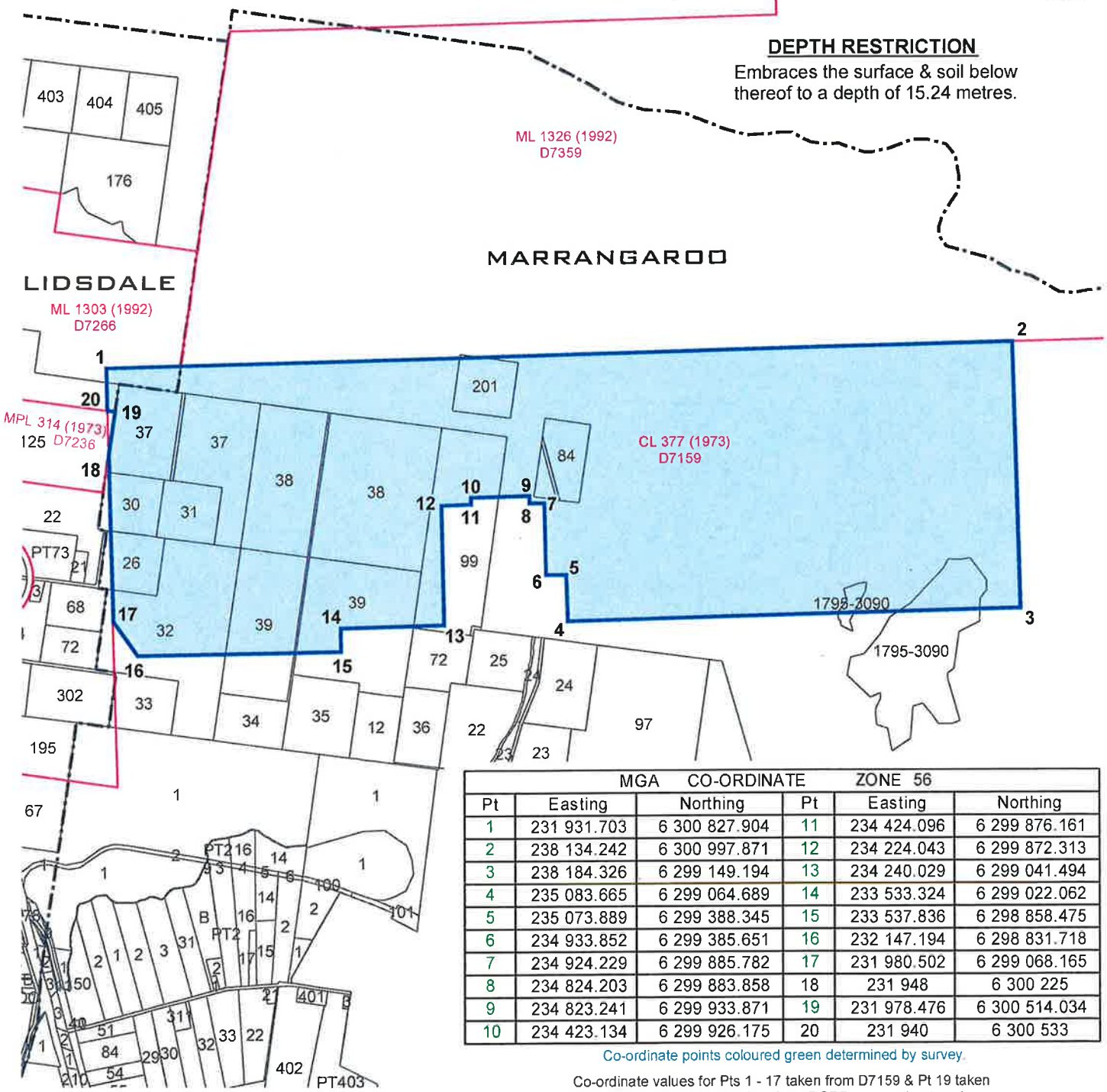
SCALE 1:40000 — **REF MAP:8931-3-S**

SUBJECT TO SURVEY

MN

DEPTH RESTRICTION

Embraces the surface & soil below thereof to a depth of 15.24 metres.



MGA CO-ORDINATE ZONE 56					
Pt	Easting	Northing	Pt	Easting	Northing
1	231 931.703	6 300 827.904	11	234 424.096	6 299 876.161
2	238 134.242	6 300 997.871	12	234 224.043	6 299 872.313
3	238 184.326	6 299 149.194	13	234 240.029	6 299 041.494
4	235 083.665	6 299 064.689	14	233 533.324	6 299 022.062
5	235 073.889	6 299 388.345	15	233 537.836	6 298 858.475
6	234 933.852	6 299 385.651	16	232 147.194	6 298 831.718
7	234 924.229	6 299 885.782	17	231 980.502	6 299 068.165
8	234 824.203	6 299 883.858	18	231 948	6 300 225
9	234 823.241	6 299 933.871	19	231 978.476	6 300 514.034
10	234 423.134	6 299 926.175	20	231 940	6 300 533

Co-ordinate points coloured green determined by survey.

Co-ordinate values for Pts 1 - 17 taken from D7159 & Pt 19 taken from D7236. Pts 18 & 20 taken from DCDB - approximate only.

UNIVERSAL TRANSVERSE MERCATOR PROJECTION
HORIZONTAL DATUM: GDA94

NSW GOVERNMENT Industry & Investment MINERAL RESOURCES

0 250 500 1000 1500 2000 Metres

AREA: abt. 1104 ha

Prepared by: P. Gorrel
Date: 18-06-2010
Checked by: P.Hord
Date: 22-06-2010
Maitland Regional Office

DISCLAIMER: The compilation of information shown on this diagram is derived from plans and data, some of which has been produced and provided by third parties.Title boundaries have been adjusted to maintain their relationship with the digital cadastral database in some circumstances, thereby creating certain inaccuracies in the data. This information does not constitute part of the record required under Section 159 of the Mining Act 1992 or Section 95 of the Petroleum (Onshore) Act 1991. Industry & Investment NSW and the State of New South Wales make no statement, representation or warranty that the titles information shown on this diagram is complete, accurate or free from error. Users rely on the titles information supplied on this diagram at their own risk. Industry & Investment NSW and the State of New South Wales accepts no responsibility for any person, acting on, or relying on, or upon any of the titles information shown on this diagram, and disclaim all liability for any loss, damage, cost, expense or injury (including death) incurred or arising by reason of any person using or relying on the titles information contained on this diagram by reason or by any error, omission, defect or misstatement (whether such error, omission or misstatement is caused by or arises from negligence, lack of care or otherwise). Users should always verify historical material by making and relying upon their own separate inquiries prior to making any important decisions or taking any action on the basis of titles information.

EXPLORATION LICENCE CONDITIONS 2009

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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.

7 Sydney Catchment Authority Areas

(a) At least 28 days prior to commencing any prospecting operations which will involve disturbance to the surface of any area under the control of the Sydney Catchment Authority, the licence holder must notify the Authority's General Manager, Catchment Operations (GM CO) of the intention so to do and must supply any information required by the Authority to determine the precise location of the proposed operations.

(b) If the licence holder proposes to alter any operations notified to the Authority pursuant to paragraph (a) of this condition, the licence holder shall give the Authority's General Manager, Catchment Operations (GM CO) at least 28 days notice of the proposal and must supply information required by the Authority to determine the precise location of the proposed operations.

(c) The licence holder must carry out all operations in a manner that conforms with all provisions of the *Sydney Water Catchment Management Amendment Act 2007* and the Regulations thereunder applying to the prevention of pollution of the **Warragamba Outer Catchment Area** for the preservation of the purity of the water supply provided thereby or derived therefrom or for the protection of the property of the Sydney Catchment Authority on the Catchment Area and also to all requirements of the Authority under that Act or Regulations thereunder.

(d) The licence holder must, upon service of a written notice by the Authority's General Manager, Catchment Operations (GM CO) immediately discontinue the use of any process that the Authority believes is likely to pollute the Catchment Area or the water supply or to endanger any property of the Authority on the Catchment Area.

(e) The licence holder must make such provisions for sanitation as may be directed by the Authority's General Manager, Catchment Operations (GM CO) and must at all times observe and perform any requirements of the Authority's General Manager, Catchment Operations (GM CO), respecting sanitation.

(f) The licence holder must not establish any camps or habitations within any area under the control of the Sydney Catchment Authority without the prior written approval by the Authority's General Manager, Catchment Operations (GM CO), and subject to any conditions that may be stipulated.

(g) The licence holder hereby covenants with the Department, and as a separate covenant with the Sydney Catchment Authority, that the licence holder shall at all times hereafter save harmless and keep the Department and the Authority indemnified from payment of compensation and from and against all actions, proceedings, claims and demands in respect of any injury, loss, or damage arising out of, or in any way connected with, any interference with, or deprivation or loss of access to the land which may occur by reason of any works or operations undertaken or carried out by the Authority.

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.

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 **$10,000** 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.