

27 May 2010

Mine Manager
Donaldson Coal Pty Ltd
PO Box 2275
GREENHILLS NSW 2323

Dear Sir,

Re: Approval of Subsidence Management Plan Abel Mine - Area 1

With reference to your application dated 8 December 2009, the Director General, Department of Industry and Investment NSW has approved the Subsidence Management Plan for Area 1 at the Abel Mine.

The conditions of approval and Approved Plan showing the extent of the approval are attached to this letter.

It should be noted that this Approval does not constitute an approval under Section 138 Coal Mines Regulation Act 1982 or Clause 88 of the Coal Mines Health and Safety Regulation 2006. Operators must comply with the requirements of the Section 138 or Clause 88 before forming any pillars for first workings or longwall or other extraction system gate roads.

Should you be uncertain about any aspect of the subsidence management requirements, please contact Jonathon Smith, Subsidence Executive Officer, on phone 4931 6448.

Yours sincerely,



Greg Cole-Clark

Chairman - SMP Interagency Committee

Subsidence Management Plan Approval

I, the Director-General, Department of Industry and Investment NSW, having considered the likely environmental impacts of the mining operations identified in the Project Description specified in Schedule 1 and having had regard to the principles of ecologically sustainable development as defined in the *Protection of the Environment Administration Act 1991*, hereby approve the Subsidence Management Plan identified in Schedule 1 for the purposes of the SMP Condition that became effective on 18/3/2004 in Mining Lease No. 1618 subject to the conditions set out in Schedule 2.

This Approval only authorises the underground mining operations identified in the Project Description for the Period and Area identified in Schedule 1. Obligations under this Approval regarding rehabilitation, monitoring and impact management continue to apply after the expiry of this period unless otherwise notified in writing by the Director-General.

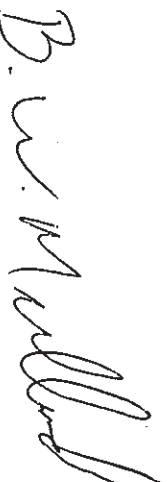
These conditions are required to:

- ensure optimal mineral resource recovery;
- prevent, minimise, manage and/or offset adverse impacts;
- provide for the ongoing environmental management of the project;
- ensure the area disturbed by mining is appropriately rehabilitated.

The rights and duties of a Leaseholder are those prescribed by the *Mining Act 1992*, subject to the terms and conditions of the Lease which include a requirement to carry out operations in accordance with the Subsidence Management Plan conditionally approved by this Approval. This Subsidence Management Plan Approval does not override any obligation on the Leaseholder to comply with the requirements of other legislation and regulatory instruments unless specifically provided in the Mining Act or other legislation or regulatory instruments.

Note: *This Approval does not constitute an approval under Section 138 Coal Mines Regulation Act 1982 or clause 88 of the Coal Mines Health and Safety Regulation 2006.*

SIGNED



Brad Mullard
Executive Director, Mineral Resources
Under delegation for the Director - General

26 May 2010
Date of Approval

File No: 09/3641

SCHEDULE 1 Description of Approved Activity

Project Description: Abel Mine Area 1

Subsidence Management Plan: Abel Mine Area 1 Subsidence Management Plan Application dated December 2009, and any supplementary supporting information provided to the Department.

Seam: Upper Donaldson Seam.

Approved Period of Mining: Date of Approval to 1 June 2015, or the expiry/cancellation of ML 1618 whichever occurs first.

SCHEDULE 2

Definitions

Activity	The proposed mining described in the SMP
AEMR	Annual Environmental Management Report
Application Area	The area identified within the SMP.
Bore	Any bore or well connected or proposed to be connected with sources of sub-surface water, and used or proposed to be used or capable of being used to obtain supplies of such water
Council	Newcastle & Cessnock Shire Council
DECCW	Department of Environment Climate Change & Water
Department	Department of Industry and Investment NSW, Minerals and Energy Division
Director General	Director General of the Department of Industry and Investment NSW, or delegate
Inspector of Coal Mines	Inspector of Coal Mines with Department
DECCW - NOW	Department of Environment Climate Change & Water – NSW Office of Water
Dop	Department of Planning
Environment	includes all aspects of the surroundings of humans, whether affecting any human as an individual or in his or her social groupings
Leaseholder	The leaseholder of ML1618.
Pillar Extraction	Pillar extraction refers to both partial extraction and full pillar extraction covered by the SMP.
Proposed Mining	The extraction of coal from the proposed panels specified in Schedule 1.
MSB	Mine Subsidence Board
Principal Subsidence Engineer	Principal Subsidence Engineer with the Department
PSPMP	Property Subsidence Management Plan
SMP	Subsidence Management Plan, titled Abel Mine Area 1 Subsidence Management Plan Application dated December 2009 and supplementary supporting information provided to the Department.
SMP Approved Plan	Plan No. a6a1000.dwg titled 'ABEL MINE SMP APPLICATION - AREA 1 APPROVED PLAN, signed by the Mine Manager on 17 March 2010 and approved by the Director General, Department of Industry and Investment NSW.
Subsidence Impacts	Direct or indirect impacts resulting from subsidence from the proposed mining
Subsidence	Movement and/or deformation of the ground surface or subsurface strata as a direct and/or indirect result of the proposed mining

Conditions

Limits on Approval

- 1 The Leaseholder must carry out the activity strictly in accordance with SMP Approved Plan.
- 2 The Leaseholder must carry out the activity generally in accordance with the SMP, subject to the conditions of this Approval.
In the event of any inconsistency between the conditions of this Approval and the SMP, the conditions of this Approval prevail to the extent of any inconsistency.
- 3 Where this Approval requires actions to be undertaken by the Leaseholder, including remediation of subsidence impacts, the obligation continues until the Director General notifies the Leaseholder that the action has been completed to his or her satisfaction.
- 4 The Director General may vary the conditions of this Approval by notice in writing.

- 5 The Director General may, at his or her discretion, suspend or revoke this Approval if:
- a) the Leaseholder fails to adhere to any condition of the Approval; or
 - b) the head of any other government authority requests suspension or revocation on the basis of the Leaseholder's non-compliance, or potential non-compliance, with legislation administered by that agency related to this Approval.

General Obligation to Minimise Harm to the Environment

- 6 The Leaseholder must implement the SMP (as amended by the conditions of this Approval) and carry out any additional practicable measures necessary to prevent and/or minimise any harm to the environment that may result from the construction, operation, or rehabilitation of the activity.

Notification of Approval

- 7 The Proponent must give notice of this SMP approval within 30 days to the DoP, DECCW-NOW, DECCW, Council, MSB, the local Aboriginal Land Council/s, the owners/operators of any infrastructure, and landowners in the application area and any other relevant government agencies or stakeholders that the Director General's approval of the SMP has been granted.

Note: Relevant government authorities and stakeholders are listed in the Guideline for Application for Subsidence Management Approvals.

Implementation of Approval

- 8 Any plans, programmes, reports or strategies required as a condition of this Approval must be developed having regard to any guidelines adopted by the Director General for the purpose of subsidence management and mine rehabilitation.

- 9 The Leaseholder must implement any plan, programme or strategy required and approved pursuant to this Approval.

Note: The Leaseholder may, at any time, submit an amended plan, programme or strategy for approval. Once approved, the amended plan, programme or strategy must be implemented, however, up until the date of approval, the Leaseholder must continue to implement the previously approved plan, programme or strategy.

- 10 Any modifications to plans, programmes or strategies already approved for the purposes of the conditions of this Approval must have regard to the matters set out in condition 8. Amended plans, programmes or strategies submitted for approval must be accompanied by all relevant supporting documentation to assist in the assessment of the amendment or modification.

Note: This condition relates to plans, programmes and strategies required by the conditions of this Approval – it does not apply to variations to the SMP or the SMP Approved Plan which must be done in accordance with the requirements of the Mining Act, the conditions of title and the variation procedures identified in the SMP guidelines.



Directions

- 11 The Leaseholder must comply with any written direction given by the Director-General, Director Environmental Sustainability, Director Mine Safety Operations or Principal Subsidence Engineer relating to:
- the implementation of any aspect of the SMP or an approved plan, programme or strategy;
 - assessing or reviewing the adequacy, effectiveness, or coverage of any approved plan, programme or strategy or any aspect of the SMP;
 - the type, timing and/or location of monitoring of baseline conditions, subsidence or subsidence impacts;
 - any reporting requirement under this Approval;
 - the carrying out of works to address subsidence impacts; and or
 - the carrying out of any studies or investigations related to subsidence or subsidence impacts and the reporting of any findings or conclusions.

The obligations under this condition prevail over any other obligation under this Approval.

Note: *Compliance with a written direction will not operate as a defence to a breach of any obligation under this Approval that occurred prior to the Direction being given.*

Subsidence Monitoring

- 12 The Leaseholder must submit to the Principal Subsidence Engineer for approval a subsidence monitoring programme for the panels which are the subject of this Approval. This programme must include:
- inspection regimes;
 - layout of monitoring points;
 - parameters to be measured;
 - monitoring methods and accuracy;
 - timing and frequencies of surveys and inspections;
 - recording and reporting of monitoring results.

The Leaseholder must not commence pillar extraction prior to the subsidence monitoring programme being approved.

Note: *The programme should be submitted to the Principal Subsidence Engineer at least 30 days prior to the expected commencement of operations to enable sufficient time for the assessment of the programme. The Principal Subsidence Engineer may require the provision of further information to assist in the assessment of the programme or a resubmission of the programme if it is considered inadequate. Complex issues or the need for additional information or a resubmission of the programme may require a longer assessment period.*



Environmental Management

- 13 The Leaseholder must submit to the Director Environmental Sustainability for approval an Environmental Management Plan (EMP) for the panels which are the subject of this Approval. This plan must address subsidence impacts on:
- Surface water and groundwater (quality, quantity and flow patterns); and,
 - the final landform and intended post mining land use.

The leaseholder must not operate other than in accordance with an Environmental Management Plan (EMP) approved by the Director Environmental Sustainability. This plan must address subsidence impacts above and must include:

- a detailed monitoring programme;
- trigger levels for subsidence impacts that require actions and responses;
- the procedures that would be followed in the event that the monitoring indicates an exceedance of trigger levels;
- measures to mitigate, remediate and/or compensate any identified impacts;
- a protocol for the notification of identified exceedances of the trigger levels; and
- a contingency plan.

This plan must be prepared in consultation with relevant landholders and government agencies. The Groundwater EMP must be consistent with the former Department of Water and Energy's "Draft Guidelines for Groundwater Monitoring".

The Leaseholder must not commence pillar extraction prior to the Environmental Management Plan being approved.

Note: *The programme should be submitted to the Director Environmental Sustainability at least 30 days prior to the expected commencement of operations to enable sufficient time for the assessment of the programme. The Director Environmental Sustainability may require the provision of further information to assist in the assessment of the programme or a resubmission of the programme if it is considered inadequate. Complex issues or the need for additional information or a resubmission of the programme may require a longer assessment period.*

Infrastructure and Property Management

- 14 The Leaseholder must prepare and submit for approval to the Director Mine Safety Operations management plans for the following infrastructure that may be affected by subsidence:

- Hunter Water Corporation water pipelines;
- electricity transmission lines;
- Optus optical fibre cable; and
- any other infrastructure, if required by the Director of Mine Safety Operations.

The plans must be developed in consultation with:

- the owners/operators of the infrastructure; and
- any Government Agency with a regulatory role for the infrastructure.

The Leaseholder must not cause subsidence impacts to this infrastructure prior to the relevant management plan being approved by the Director Mine Safety Operations.



Condition for Review of Subsidence Predictions in Relation to Infrastructure Management:

- 15 The Leaseholder must convene management review meetings with the relevant infrastructure owners/operators, the Mine Subsidence Board and the Principal Subsidence Engineer under any of the following circumstances:
- i) Prior to the commencement of Panel 4 extraction, and/or
 - ii) When a review is requested by the said infrastructure owners/operators or the Mine Subsidence Board or the Principal Subsidence Engineer.

The above-mentioned meetings must review the feasibility and adequacy of the management plans for the infrastructure that may be affected by subsidence due to the proposed mining. The review must aim to recommend appropriate management measures, response actions and/or procedures if required to mitigate subsidence impacts on the subject infrastructure. Such recommendations, if approved by the Director Mine Safety Operations, must be fully complied with by the Leaseholder.

Public Safety

- 16 The Leaseholder must prepare and implement a public safety management plan to ensure public safety in any structures, houses and surface areas that may be affected by subsidence, to the satisfaction of the Director, Mine Safety Operations.
- The plan must include, but not be limited to:
- a) identification of houses which are hazardous or could become hazardous due to subsidence impacts;
 - b) regular monitoring of areas or infrastructure/structures posing safety risks
 - c) measures to prevent, mitigate and promptly remediate hazards and safety risks referred to in (a) and (b) above;
 - d) erection of warning signs;
 - e) entry restrictions;
 - f) backfilling of dangerous surface cracks;
 - g) securing of unstable built structures or rockmass where required and appropriate; and
 - h) provision of timely notification of mining progress to the community and any other relevant stakeholders where management of public safety is required.

Incident and Ongoing Management Reporting

- 17 (a) For the purposes of this clause 17, an event is any of the following:
- i) Any significant unpredicted and/or higher-than-predicted subsidence and/or abnormalities in the development of subsidence;
 - ii) Any exceedance of predicted impacts on groundwater resources and/or the natural environment that may have been caused (whether partly or wholly) by subsidence;
 - iii) Any observed subsidence impacts adverse to the serviceability and/or safety of infrastructure and other built structures that may be affected by mining;
 - iv) Any significant subsidence-induced cracking and/or ground deformations observed in any surface areas within the SMP application area.
- (b) The Leaseholder must within 24 hours of becoming aware of an event, notify:
- i. the Principal Subsidence Engineer;
 - ii. The Mine Subsidence Board;
 - iii. Department of Environment Climate Change & Water – NSW Office of Water;
 - iv. the operators of all infrastructure covered by condition 14; and
 - v. other relevant stakeholders any Government Agency with a regulatory role if they request such notification.

Note: Under Condition 11, the Leaseholder can be directed to, among other things, prepare a report on an incident reported under this condition. A report on the details of the incident, including likely or known causes, response action and proposed response measures will generally be required for incidents that involve material property or environmental damage or have the potential to cause such damage.

- 18 The Leaseholder must prepare and maintain a Subsidence Management Status Report which must include but not be limited to:
- (a) the current face position of the panel being extracted;
 - (b) a summary of any subsidence management actions undertaken by the Leaseholder in the period subsequent to the last regular submission of the Status Report;
 - (c) a summary of any comments, advice and feedback from consultation with stakeholders in relation to the implementation of this Approval (including the preparation, implementation and review of plans, programmes, reports or strategies required by this approval) undertaken or received in the period subsequent to the last regular submission of the Status Report and a summary of the Leaseholder's response to the comments, advice and feedback given by the stakeholders;
 - (d) a summary of the observed and/or reported subsidence impacts, incidents, service difficulties, community complaints, and any other relevant information reported to the Leaseholder in the period subsequent to the last regular submission of the Status Report and a summary of the Leaseholder's response to these impacts, incidents, service difficulties and complaints;
 - (e) a summary of subsidence development based on monitoring information compared with any defined triggers and/or the predicted subsidence to facilitate early detection of potential subsidence impacts;
 - (f) a summary of the adequacy, quality and effectiveness of the implemented management processes based on the monitoring and consultation information summarised above; and
 - (g) a statement regarding any additional and/or outstanding management actions to be undertaken or the need for early responses or emergency procedures to ensure adequate management of any potential subsidence impacts due to mining.

The Subsidence Management Status Report must be updated at least every 14 days to reflect any changes in the information required to be included in the Report. The Status Report must be regularly submitted to the Principal Subsidence Engineer, the Department of Environment Climate Change & Water – NSW Office of Water and each operator of infrastructure referred to in condition 14 every four (4) months from the date of this Approval. The Status Report (as updated from time to time) must be provided, upon request, to the Mine Subsidence Board, the Director of Environmental Sustainability, the Principal Subsidence Engineer, owners/operators of any infrastructure within the application area and any other relevant stakeholders.

End of Year Report

- 19 The Leaseholder shall prepare an end of year report. This report shall be submitted to the Director Environmental Sustainability, within the first three months of the subsequent year. The end of year report must:
- a) include a summary of the subsidence and environmental monitoring results for the year;
 - b) include an analysis of these monitoring results against the relevant:
 - impact assessment criteria;
 - monitoring results from previous years; and
 - predictions in the SMP;
 - c) identify any trends in the monitoring results over the life of the activity; and
 - d) describe what actions were taken to ensure adequate management of any potential subsidence impacts due to mining.

Access to Information

- 20 Within 3 months of the submission of an End of Year Report (as required by Condition 19) or the approval of a plan, programme or strategy required under this Approval or the SMP (or any subsequent revision of these documents), the Leaseholder must, to the satisfaction of the Director General:
- (a) provide a copy of these documents to all relevant agencies;
 - (b) ensure that a copy of the relevant documents is made publicly available at the Leaseholder's regional office; and
 - (c) put a copy of the relevant documents on the Leaseholder's website.

Note: Relevant agencies currently include MSB, DECCW, DECCW-NOW and DoP.

Survey Marks

- 21 At the completion of subsidence, or otherwise as required by the Land and Property Management Authority, the functionality of any survey marks affected by subsidence must be fully restored to the satisfaction of the Land and Property Management Authority.

Water Supply

- 22 In the event of interruptions to potable water supplies (water quality and/or quantity) due to subsidence impacts on water supply systems and/or sources caused by mining, the Leaseholder must provide, without delay, water supplies of equivalent quality and quantity to locations convenient to those affected within the SMP Application Area until such time that the affected water supply systems and/or sources are restored.