



Independent Exploration Licence Audit

Wambo Coal Pty Limited and United Collieries Pty Limited (on behalf of the Construction Forestry Mining and Energy Union) – Authorisation 444

October 2011

PEA01-018



GSS ENVIRONMENTAL
Environmental, Land and Project
Management Consultants

Project Manager/
Lead Auditor:



Andrew Hutton
B. Nat Res, M.BEM
Principal Environmental
Consultant

GSS Environmental
Level 1, 241 Denison Street
BROADMEADOW, NSW 2292
Tel: 02 4920 3031
Fax: 02 4961 3360

Auditors:

David Humphris
B.Soc. Sci, (MCRP)
Associate Environmental Planner

Joni Woollard
B. Env. Sc. (hons)
Senior Environmental Consultant

ISSUE AND AMENDMENT CONTROL HISTORY

Issue	Date	Description	Author	QA/QC
1	11/10/2011	First Draft for client comment	Joni Woollard	Andrew Hutton
2	13/10/2011	Final Draft following clients comments	Joni Woollard	Andrew Hutton

LIMITATIONS:

This document was prepared for the sole use of Wambo Coal Pty Limited and United Collieries Pty Limited and the regulatory agencies that are directly involved with this operation, the only intended beneficiaries of our work. No other party should rely on the information contained herein without the prior written consent of GSS Environmental. It has been prepared on the basis of information provided by Wambo Coal Pty Limited and United Collieries Pty Limited and also from information collected from a site inspection undertaken on the 27nd and 28th September 2011 or provided following further request for information.

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1.0 INTRODUCTION

1.1 Background

In May 1991 Wambo Coal Pty Limited (Wambo) and The Construction, Forestry, Mining and Energy Union (CFMEU) were granted authorisation 444 (A444) for a period of two years. A444 was subsequently renewed in May 1993, May 1996, May 2001 and May 2006.

The CFMEU are Joint Venture Partners in United Collieries Pty Limited (United). The neighbouring mine site is managed by United. Also, United manage the exploration activities for the CFMEU. In this report references to United pertain directly to the CFMEU and the tenement holder.

A444 was further renewed on 4 October 2007 until 16 May 2011. Wambo and CFMEU have advised that they have submitted an application to renew A444 in March 2011. The Department of Industry & Investment advised on 24 March 2011 that they had received the application to renew the licence, however, GSS Environmental (GSSE) understand that no decision has been made regarding the renewal of A444.

A444 was granted to Wambo and CFMEU, however, there is a commercial agreement between the two companies to manage A444 in line with the neighbouring Mining Leases which provide Wambo access to and including the Whynot Seam and United access to all seams below the Whynot Seam.

The authorisation is approximately 3060 hectares and is located to the north and west of CCL775 and CL397 respectively. In December 2005 Wambo was granted ML1572. ML1572 is located within the southern portion of A444 and the area of ML1572 (1012 hectares) from the surface to 5 m below the Whynot seam is excluded from A444. The area below ML1572, that is 5 m or greater below the Whynot seam is within A444.

1.2 Scope of this audit

The scope of this Environmental Audit was to conduct an independent assessment of A444 as required by the Department of Industry & Investment in their advice to the Exploration Licence Holder of 30 August 2011. A copy of the Instrument of Renewal of Authorisation for A444 is attached in **Appendix 1** of this audit report. **Appendix 2** contains two letters from the NSW Department of Industry & Investment dated 23 December 2010 and 4 August 2011 which were in response to United's Review of Environmental Factors (REF's) and contain additional Conditions which United must comply with.

The Independent Audit conducted by GSS Environmental (GSSE) to assess compliance of the exploration operations with the conditions in the A444 and other relevant approvals. A summary of auditors is included below:

Key Issues	Consultancy Responsible	Representative
Compliance	GSS Environmental	Andrew Hutton
Compliance	GSS Environmental	David Humphris
Compliance	GSS Environmental	Joni Woollard

1.3 Structure of the Audit Report

The audit report has been structured to provide an assessment of all the consent conditions under the following sections:

Section 1 Introduction – background on the purpose of the audit, including the scope of the audit and the audit methodology;

Section 2 Scope of the Audit.

Section 3 References reviewed as part of the audit process;

Section 4 Discussion of the Audit Findings – summary of audit results for each condition within the approval showing either compliance or non-compliance as applicable; and

Section 5 Recommendations.

Section 6 Photographs taken during the Audit.

1.4 Methodology

The methodology for the Independent Exploration Licence Audit consisted of the following key steps:

- (a) Preparation for the Audit by reviewing any documents provided by Wambo and United prior to the audit;
- (b) A site inspection and interviews with key personal was carried out 27 and 28 September 2011;
- (c) Review of additional relevant documentation either obtained while on site during the inspection or provided by Wambo and United after the site inspection;
- (d) Preparation of a draft Audit report; and
- (e) Further review and comment of the draft Audit report.

1.4.1 Preparation

In order to satisfy the Departments requirements Wambo and United engaged GSSE to conduct the Independent Audit of A444. Wambo and United sought approval from the Department for GSSE as a suitably qualified, experienced and independent team by the Director-General. GSSE was endorsed on the 21 September 2011 via email from Peter Davis, Project Manager, Division of Resources and Energy Department of Trade and Investment, Regional Infrastructure and Services.

A copy of the CV outlining the relevant qualifications and experience of all auditors has been included as **Appendix 3** to this report.

1.4.2 Document Review

Prior to the audit, a number of preliminary documents were provided to GSSE. Wambo and United provided a number of files electronically and also in hard copy. In addition, documents were provided to the audit team throughout the audit. These documents were reviewed on the 27 and 28 September 2011 as part of the Independent Audit, and subsequently by GSSE at their office. A number of additional documents and subsequent related information was provided to the Audit team following the site inspections in response to further information requests.

A full list of the documents reviewed by GSSE and the specialists during the audit is listed in **Section 3.0** of this report.

1.4.3 Site Inspection and Interviews

A site inspection was conducted at A444 by Andrew Hutton (GSSE), David Humphris (GSSE) and Joni Woollard of (GSSE) on the 27 and 28 September 2011. Scott Brooks from the Department of Planning also attended the audit as an observer on the 27th and 28th September 2011 as a government representative.

The site inspection included the opening audit meeting outlining the scope of the audit, meetings with relevant site personal, site inspections and a close out meeting. An agenda and schedule for the audit was provided to Wambo and United prior to the audit (**Appendix 4**). In addition a MS Power point presentation was given to provide detail on the scope of the audit. This has been included as **Appendix 5**.

The following United and Wambo personnel attended the opening meeting:

Table 1 – Personnel Present at the Opening Meeting

Attendees Name	Company	Position
Bryan Atkins	Wambo	Senior Geologist
Lachlan Crawford	Wambo	Environment & Community Manager
Tim Walls	United	Environment & Community Manager
Aislinn Farnon	United	Environmental Co-ordinator
Ben Kemp	United	Geologist
David Webb	United	Technical Services Manager
Tim Britton	United	Technical Services Manager
Troy Favell	Wambo	Environmental Officer

The site inspections included both a drive around and walk around inspection of the readily accessible areas of A444 including:

- a United active drill site;
- United drill sites in various stages of rehabilitation;
- Wambo did not have any active exploration operations within A444 at the time of the audit, however, an indicative active drill site in the neighbouring Mining Lease was inspected and was considered indicative of drilling within A444;
- Wambo drill sites in the process of being rehabilitated;
- an access track that had been rehabilitated by Wambo;
- completed drill sites on privately owned land;
- Wambo 's current core storage lay down and proposed new storage shed;
- United's core storage facility;
- Recently completed United drill sites; and
- United drill site (12 months following rehabilitation).

The following United and Wambo personnel attended the close out meeting.

Table 2 – Personnel Present at the Close Out Meeting

Attendees Name	Company	Position
Bryan Atkins	Wambo	Senior Geologist
Lachlan Crawford	Wambo	Environment & Community Manager
Tim Walls	United	Environment & Community Manager
Aislinn Farnon	United	Environmental Co-ordinator
Ben Kemp	United	Geologist
David Webb	United	Technical Services Manager
Tim Britton	United	Technical Services Manager
Troy Favell	Wambo	Environmental Officer

A copy of the MS Power Point close out presentation presented by GSSE is included as **Appendix 6**.

2.0 SCOPE OF THE AUDIT

The objective of this audit is to review the current status of Exploration Licence A444 and to ensure that all of the conditions set out in the licence are being complied with. In addition, the Department of Industry & Investment has provided additional Conditions in their approval of United's December 2010 REF. Additional Conditions were subsequently provided by the Department Minerals & Energy Division in response to the June 2011 REF.

The REF's were submitted by United and relate solely to United's exploration operations. Therefore, it is considered that the additional Conditions are not applicable for Wambo.

3.0 REFERENCES AND DOCUMENTS REVIEWED

Wambo and United have provided documents for GSSE's review to enable GSSE to verify that the Exploration Licence A444 conditions are being adhered to. Due to the number of documents provided these are listed in **Appendix 7**.

4.0 DISCUSSION OF ENVIRONMENTAL AUDIT FINDINGS

The audit of A444 at Wambo was undertaken on 27 and 28 September 2011 and included a site inspection, document review and discussions/interviews with relevant project personnel.

Following the audit and review of the outcomes, GSSE considers that the holders of Exploration Licence for A444 are maintaining a high level of compliance with the Conditions. Four minor non-compliances have been observed. A summary of the areas that were determined to be not complaint are included below as **Table 3**. A full summary of compliance for A444 has been included in **Appendix 8**. In addition, a full summary of United's compliance with the additional Condition's provided by the Department in their advice of 23 December 2010 and 4 August 2011 is provided in **Appendix 10**.

The independent audit has been undertaken in accordance with the guidance provided by the NSW Government titled "*Audit of Exploration Licences in NSW*", August 2011. For general reference, the terms used in the audit report for the assessment of compliance of A444 in accordance with the August 2011 guidance are:

Compliance (C)	Adequacy and appropriateness of implementation against current Departmental Approval or Conditions, or compliance with commitments made.
Observation (O)	A finding which is not likely to significantly affect the operation, which do no strictly relate to the scope of the audit of compliance and which could lead to performance improvement.
Non Compliance	Category 1 (NC1) – a total absence of planning or implementation of a required operations element which presents an immediate risk or an isolated lapse in control in the implementation of an operations element which will lead to significant risk. Category 2 (NC2) – An isolated lapse or absence of control in the implementation of an operations element which may not be of significant risk.
Not Applicable (NA)	Not applicable

The following table provides a summary of the exploration licence conditions where **non-compliance** was determined.

Table 3 – Summary of A444 Conditions for Wambo and United – Non Compliant

Condition	Exploration Licence Conditions	Compliance
11	<p><i>Environmental Management - General</i></p> <p>(a) Environmental management operations must be carried out according to the current best environmental practice* or, alternatively, it must confirm to a specific Environmental Management Plan prepared by the licence holder which is acceptable to the Department.</p> <p>*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.</p> <p>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.</p>	NC2
27	<p><i>Rehabilitation of Land</i></p> <p>(a) Land disturbed must be rehabilitated to a stable and permanent form suitable for a subsequent land use acceptable to the Department so that;</p> <ol style="list-style-type: none"> there is no adverse environmental effect outside the disturbed areas and the land is properly drained and protected from soil erosion; the state of the land is compatible with the surrounding land and land use requirements; the landforms, soils, hydrology and flora require no greater maintenance than that in or on the surrounding land; in cases where native vegetation have 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 the land does not pose a threat to public safety. <p>(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.</p> <p>(c) Any shafts, drill holes and excavations, that remain abandoned from the 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.</p> <p>(d) All rehabilitation of disturbed areas should be completed before the expiry of the licence or immediately following termination of the licence.</p> <p>(e) Activities undertaken in regard to this Condition must be included in reports prepared in accordance with Condition 28 (a).</p>	NC2
48	<p><i>Detailed Presentation</i></p> <p>The Holder is to make a detailed presentation of their findings at the conclusion of Year 3</p>	NC2
49	<p><i>Detailed Work Program</i></p> <p>A detailed work program and expenditure for further exploration be supplied to Coal Advice at the conclusion of Year 3.</p>	NC2

GSSE consider that United is complying with the additional Conditions provided in the advice from the Department dated 23 December 2010 and 4 August 2011 in response to United's December 2010 and June 2011 REF's respectively. It is noted that these Conditions in response to REF's apply to the drill holes specified in that REF. Furthermore, the additional Conditions are considered to be applicable to United only, as they were provided in response to United's REF's.

5.0 RECOMMENDATIONS

The following section of the report provides recommendations to ensure compliance with the Exploration Licence Conditions. **Table 4** below summaries the key recommendations / actions for the A444 Licence Conditions which apply to Wambo and United.

Table 4 – Recommendations for Exploration Licence Conditions

Condition	Recommendations for Wambo and United
2	<ul style="list-style-type: none"> Wambo should review their decision making process for determining the Category operations as they related to exploration drilling. Wambo should ensure that ESP's are filled out and completed appropriately during all stages of exploration operations.
3	<ul style="list-style-type: none"> A plan clearly marking the exempt areas within A444 should be prepared and held by both Wambo and United. A procedure should be developed to ensure that the need for approval in exempt areas is communicated to all involved in exploration drilling within A444.
6	<ul style="list-style-type: none"> A plan clearly marking the sensitive areas within A444 should be prepared and held by both Wambo and United. The need for approval to drill in sensitive areas needs to be communicated to all involved in exploration drilling within A444.
11	<ul style="list-style-type: none"> The ESP's used by Wambo and United should be adapted to enable more site specific elements for each individual drill site.
12	<ul style="list-style-type: none"> Wambo should update their Aboriginal Cultural Heritage Management Plan to comply with the <i>NSW Minerals Industry Due Diligence Code of Practice for the Protection of Aboriginal Objects</i>, September 2010 prior to it being finalised. The Aboriginal Cultural Heritage Management Plan should be expanded to include all of A444 as exploration operations are being undertaken on private land.
23	<ul style="list-style-type: none"> Wambo and United enter all critical dates into a system that makes automatic reminders to ensure all timeframes relating to A444 are complied with.
27	<ul style="list-style-type: none"> Wambo and United should by the end of 2011 undertake a review of all drill sites in the process of rehabilitation and prepare a corrective action plan and a schedule of works. This should also include a maintenance and monitoring program to ensure the rehabilitation of all drill sites to an satisfactory standard and timeframe. A summary of the works undertaken could/should be provided to the Department within six months.
48	<ul style="list-style-type: none"> Wambo and United enter all critical dates into a system that makes automatic reminders to ensure all timeframes relating to A444 are complied with.
49	<ul style="list-style-type: none"> Wambo and United enter all critical dates into a system that makes automatic reminders to ensure all timeframes relating to A444 are complied with.

A summary of the key recommendations / actions for the additional Conditions provided by the Department in response to United's REF's are provided below in **Table 5**.

Table 5 – Recommendations for Additional Conditions Applicable to United Only

Condition	Recommendations for United Only
Additional Conditions from the letter dated 23 December 2010	
1	<ul style="list-style-type: none">• Consideration should be given to constructing sumps with ramped batters to assist emergency egress, or alternative methods should be adopted.
6	<ul style="list-style-type: none">• United should by the end of 2011 undertake a review of all drill sites in the process of rehabilitation and prepare a corrective action plan and a schedule of works. This should also include a maintenance and monitoring program to ensure the rehabilitation of all drill sites to an satisfactory standard and timeframe.
10	<ul style="list-style-type: none">• Waste tracking documents should be amended going forward to remove any reference to “oily water”.

(This section has intentionally been left blank)

6.0 PHOTOS TAKEN DURING SITE INSPECTION



Plate 1 – view of a United Drill Site UG235. Drilling was completed here approximately three weeks prior to the site inspection and rehabilitation is on-going.



Plate 2 – view of a United Drill Site UG236, the first stage of rehabilitation is currently being undertaken. The fencing in foreground is to be removed from the site.



Plate 3 – view of a United Drill Site UG234. United advised that the proposed drill hole location was closer to the creek visible in the photograph, however, the final location was moved to minimise potential impacts.



Plate 4 – view of a United Drill Site UG144 which is currently undergoing rehabilitation. United advised that drilling was completed here approximately 18 months earlier and the site was

reseeded approximately a year ago. However, the reseeded area has slumped.



Plate 5 – view of active United Drill Site UG238, noted the signage and fencing. United advised that this drill hole was located between a number of trees to minimise the disturbance and ensure no trees needed to be removed.



Plate 6 – view of signage used for the active United Drill Site UG238.



Plate 7 – view of the three sumps at active United Drill Site UG238. Note the use of plastic liners.



Plate 8 – view of the active United Drill Site UG238. Note the top soil is separated in the closest stockpile and has been separated from the underlying soil. Also, United advised that the fallen branches from the drill pad have been collected and will be re-placed across the drill pad following completion of drilling activities.



Plate 9 – view of the active United Drill Site UG238. Note the use of sediment fences



Plate 10 – view back to the active United Drill Site UG238. GSSE observed that the drill site was clean and tidy.



Plate 11 – view back to an active Wambo Drill Site and the signage at the approach to the site. GSSE note that this drill site was not located within A444. However, there was no drilling being undertaken within A444 on the days of the inspections. This drill site is considered indicative of the drill sites within A444.



Plate 12 – view back to the active Wambo Drill Site (not within A444). GSSE observed that the sumps were nearly full and had insufficient freeboard in the event that a storm occurred.



Plate 13 – view back to the Wambo Drill Site (not within A444). GSSE observed that a spill kit was easily accessible and the site was clean and tidy. .



Plate 14 – view of the active Wambo Drill Site (not within A444). GSSE observed that the top soil was stockpiled separately and sediment fences were being used.



Plate 15 – view of the active Wambo Drill Site (not within A444). GSSE observed that provision was made for the appropriate storage of wastes.



Plate 16 – view of the current Wambo core storage facility.



Plate 17 – view of the Wambo's core storage.



Plate 18 – view of Wambo's proposed core storage facility.



Plate 19 – view of an access track that has been rehabilitated by Wambo. The access track is located on private property and leads to drill site WJ88.



Plate 20 – view of Wambo drill site WJ88 which is being rehabilitated. GSSE observed some weeds at this location; however, Wambo advised that the landowner has advised that he would undertake weed management.



Plate 21 – view of Wambo drill site WJ90 located on private property. Wambo advised that rehabilitation at this location has not been signed off by the landholder.



Plate 22 – closer view of Wambo drill site WJ90 located on private property.



Plate 23 – view of Wambo drill site WJ100 located on private property. Wambo advised that rehabilitation at this location has not been completed. There was some minor slumping observed.



Plate 24 – view of United's core storage facility including a refrigerated shipping container.



Plate 25 – view inside United's core storage facility.



Plate 26 – view of a United drill hole that has been converted into a vibrating wire piezometer. .



Plate 27 – view of a United drill site that has been fenced.



Plate 28 – view United Drill Site UG139, rehabilitation commenced approximately 18 months prior and has not been successful.

Instrument for Renewal of Authorisation for A444



APPENDIX 1

MINING ACT 1992

**INSTRUMENT OF RENEWAL OF AUTHORISATION 444 (ACT 1973)
HELD BY WAMBO COAL PTY LIMITED AND
THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**

I, **IAN MACDONALD, MLC, MINISTER FOR MINERAL RESOURCES** 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 **16 May 2011**.
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 2004** numbered:

1-3 (inclusive), 6, 10-24 (inclusive), 26-29 (inclusive), 32-34 (inclusive), 36, 38, 41, 42 and 44-50 (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, **Wambo Coal Pty Limited (ACN 000 668 057)** and **The Construction, Forestry, Mining & Energy Union (ABN 80 814 987 748)**, hereby accept the renewal of this Exploration Licence and agree to be bound by the conditions specified.



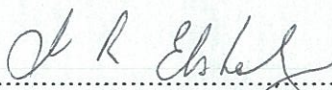
.....
WAMBO COAL PTY LIMITED
(ACN 000 668 057)



Peter Murray Gen Secretary

.....
THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
(ABN 80 814 987 748)

Renewed this 4th day of *OCTOBER* 2007



.....
TEAM LEADER COAL & PETROLEUM TITLES
UNDER DELEGATION FROM THE MINISTER

EXPLORATION AREA

The exploration area embraces an area of about **3060 hectares**, as shown on the **Plan No A444** 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 **9.30 am** on the **Seventeenth** day of **April, 1991**.
- (c) land subject to any pending application for an assessment lease, mining lease or mineral claim under the Mining Act, 1992, made prior to **9.30 am** on the **Seventeenth** day of **April, 1991**.
- (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 this renewal.

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.

DIAGRAM OF AUTHORISATION No. 444

HOLDER: WAMBO COAL PTY LIMITED & CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION

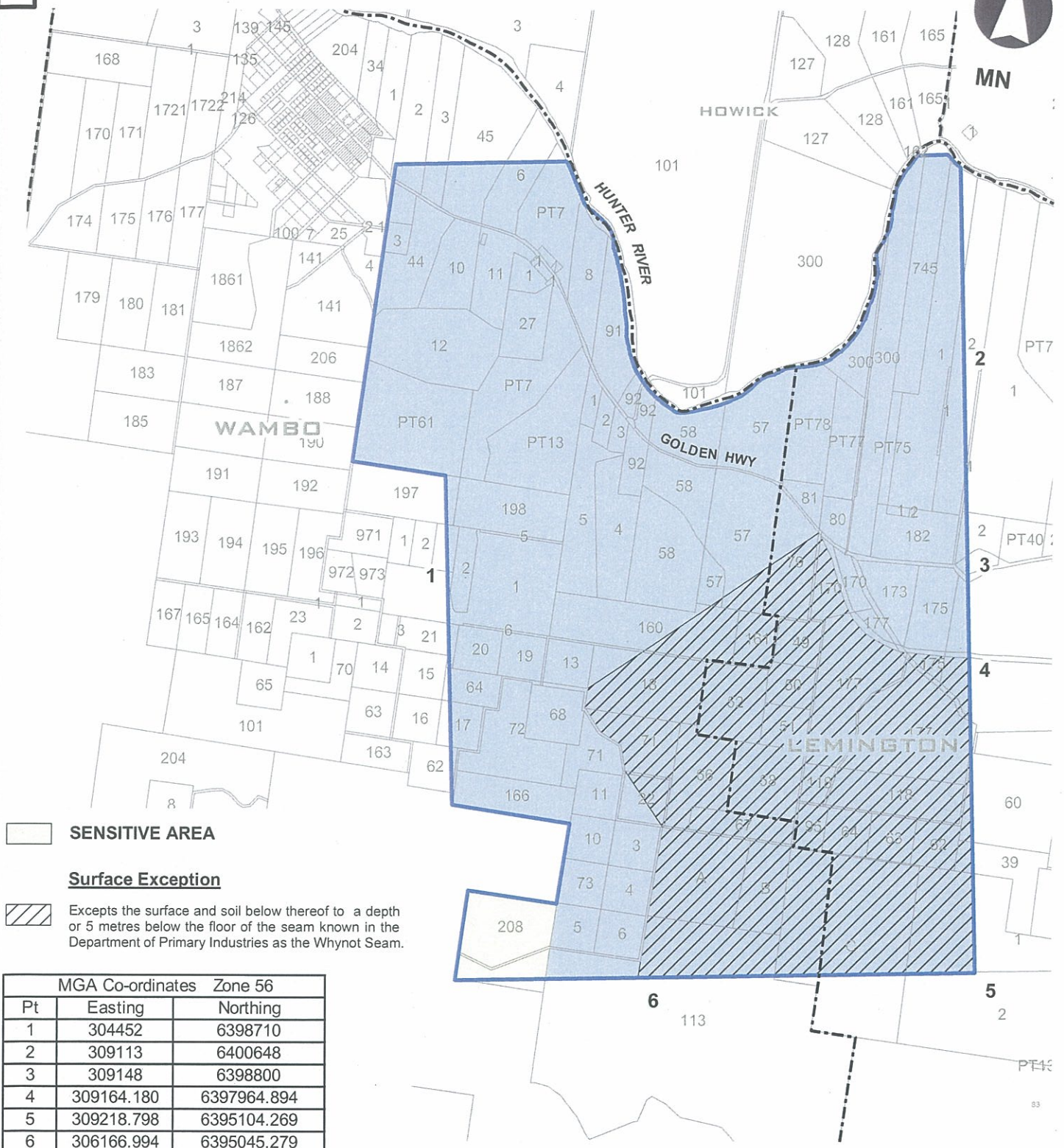
PARISHES: WAMBO & LEMINGTON

SCALE 1:50000

COUNTY: HUNTER

REF MAPS: 9032-1-N & 9033-2-S

SUBJECT TO SURVEY

UNIVERSAL TRANSVERSE MERCATOR PROJECTION
HORIZONTAL DATUM: GDA94NSW DEPARTMENT OF
PRIMARY INDUSTRIES
MINERAL RESOURCES

0 0.5 1 2 3 4 Kms

AREA: abt. 3060 ha

Prepared by: G.Walker
Date: 14-07-2006
Checked by: F. Schiavo
Date: 15-08-2006
Singleton 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. The Department of Primary Industries 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. The Department of Primary Industries and the State of New South Wales accept 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 of 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 2004

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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*;

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- (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 2004

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.

6 Sensitive Areas

The licence holder must not carry out any operations in the area shown by yellow tint on the attached diagram without written approval of the Department and subject to any conditions that may be stipulated.

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); and
 - (ii) Consents under conditions 3 and 4.
- (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 Environment and Climate 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 **\$50,000** 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:
- cash, or
 - 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:
- cease all prospecting operations and other activities authorised by the licence; or
 - 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 *Mines Inspection Act 1901* and the *Mines Inspection Act 1901 General Rule 2000*. 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:
 - a brief summary of prospecting operations carried out, including expenditure thereon, during the 6 month period; and
 - the results and conclusions of all surveys and other operations; and
 - 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:
 - prospecting operations carried out, including expenditure thereon, during the current term of the licence; and
 - 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:
 - 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

- 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
 - 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:
- the licence holder has agreed that specified reports may be made non-confidential.
 - 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.

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- (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.

SECTION F: SPECIAL CONDITIONS

48 Detailed Presentation

The Holder is to make a detailed presentation of their findings at the conclusion of Year 3.

49 Detailed Work Program

A detailed work program and expenditure for further exploration be supplied to Coal Advice at the conclusion of Year 3.

50 Reduction/Relinquishment of Area

The Holder to commit to significantly reduce the area or relinquish if exploration does not delineate significant resources.

Correspondence for the Department to United Including additional conditions



APPENDIX 2



Tim Walls
Approvals Manager
United Collieries Pty Limited
PMB 13
SINGLETON NSW 233

Dear Mr Walls,

A444, CCL775, ML1634, ML1572, CL374: Approval for exploration drilling

In accordance with Condition 1 of A444, CCL775, ML1634, ML1572, CL374, granted under the *Mining Act 1992*, the titleholder is hereby granted approval to undertake the works as described in the *"Review of Environmental Factors for United Collieries Exploration Program 2010-2011"* dated December 2010, subject to the conditions set out below. These conditions are in addition to those previously attached to the respective titles. A breach of these conditions is an offence under the *Mining Act 1992*.

ADDITIONAL CONDITIONS

General conditions

1. The works must be carried out at the location(s) and in accordance with the methods described in:
 - *"Review of Environmental Factors for United Collieries Exploration Program 2010-2011"* dated December 2010.
2. The Director, Environmental Sustainability must be informed immediately if any aspects of the works are not consistent with the activities described and presented in the *Review of Environmental Factors*.

Except as amended by the following conditions.

Exempt Areas

3. No works can be undertaken in areas requiring an Exempt Area Consent until one has been provided by the Department in writing. This may be obtained following the Department's receipt of a letter of agreement from the managing authority of the land in question.

Site access and management

4. The titleholder must maintain access roads to any sites subject to this approval in a condition satisfactory to the Department and landholder requirements.
5. The site must be securely fenced with a lockable gate and adequate signs warning of potential dangers.
6. The title holder must maintain the site in a clean and tidy condition and undertake a program of ongoing environmental maintenance leading to full restoration of the site.

Water management

7. All produced formation water must be collected and stored in a secure manner which prevents leakage and contamination of soil, surface water and groundwater.
8. Any on-site water storage dams must be fully lined with an impermeable barrier.
9. Any on-site water storage dams must be designed and managed to maintain sufficient freeboard to contain runoff and precipitation from a 1 in 20 year storm.
10. Documentation covering the chain of custody for any off-site disposal of water must be maintained and made available for inspection by the Department on request.

Well abandonment and site rehabilitation

11. All impervious liners and their contents must be removed from site and disposed of at a suitable licensed disposal site following completion of the well.
12. A Rehabilitation Report must be provided to the Department within two months of well abandonment for all surface and underground disturbance arising from activities subject to this approval.

An additional security is required to be lodged to cover the rehabilitation liabilities associated with the activities under this approval. You will be contacted by the Department's Titles Branch regarding this requirement.

Should you wish to discuss any details of this approval, please contact Michael Lloyd directly on 4931 6576.

Yours Sincerely,



Michael McFadyen 23 DEC 10
A/DIRECTOR, ENVIRONMENTAL SUSTAINABILITY

CV outlining Consultants Qualifications



APPENDIX 3



Statement of Experience

Andrew Hutton

*Bachelor of Natural Resources (B. Nat Res),
Masters of Business and Environmental Management (M. B&EM)*

PRINCIPAL ENVIRONMENTAL CONSULTANT.

Education

- Masters degree in Business and Environmental Management from the University of Newcastle, 2004.
- Bachelor's degree in Natural Resources from the University of New England, Armidale, 1995.

Career Summary

Andrew is currently the Principal Environmental Consultant / General Manager with GSS Environmental.

Andrew has over 17 years experience in the mining industry, including experience in both operational roles and consulting in both NSW and Qld. Previously Andrew has held positions with BHP Australia Coal Pty Ltd as an Environmental Officer. In 2000, Andrew was seconded by GSS Environmental to the greenfield's Donaldson Coal open cut mine as the Environmental Manager for the project. In this role, Andrew prepared the pre-commencement management plans and programs, including the preparation of an environmental management system for the operation of the mine.

In 2003, Andrew moved from the operational role to take up the position of Senior Environmental Projects Manager. Since that time Andrew has become the Principal Environmental Consultant leading a multi-disciplinary team of 39 Environmental Engineers and Scientists based in both NSW and Qld.

Andrew has experience in major project Environmental Impact Assessment (EIA), regulatory approvals and licensing, stakeholder consultation, mine closure planning and rehabilitation, major project and Life of Mine Risk Assessment facilitation, the development and implementing integrated environmental monitoring programs, producing environmental plans of management, Environmental Management Systems (EMS) and environmental compliance and due diligence auditing.

Areas of Expertise

- Environmental Impact Assessment, Project Approvals & Regulatory Compliance
- Environmental Compliance & Due Diligence Auditing
- Mine Rehabilitation – Planning, Design and Project Management
- Mine Closure Planning & Rehabilitation Liability Assessment
- External Third Party and Internal Environmental Reporting
- Major Project Risk Assessment
- Contractor Engagement and Management
- Community/Stakeholder Engagement and Consultation
- Environmental Monitoring Programs & Reporting (including Annual Reports)
- Environmental Management Systems & Environmental Management Plans
- Environmental Awareness & Workforce Training
- Subsidence Management Approvals

Career Detail

Major Project Approvals & Regulatory Compliance

In the capacity of Environmental Manager on mines and as an environmental consultant, Andrew has been responsible for a wide range of project approvals both prior to and after the commencement of the project. Andrew has also had extensive experience in regulatory compliance issues particularly in relation to coal mining and quarrying in both NSW and QLD. He has fulfilled the role of Project manager or project Director on numerous coal project approvals or modifications. The following is a summary of his key experiences in this area:

- 2011 (current) – Section 75W modification of a major open cut coal mine in the Hunter Valley, Singleton (confidential client)
- 2011 (current) – Section 75W Modification of an existing underground bord and pillar coal mine, Lake Macquarie
- 2011 (current) – Section 75W Modification for Stage 9 of the Ravensworth Underground Mine in Hunter Valley
- 2010 (current) – Section 75W Modification for the Ventilation Air Methane (VAM) Greenhouse Abatement Facility at an underground coal mine in the Lake Macquarie area.
- 2010 (current) – Section 75W Modification for a Rail Refuelling Facility at the Open Cut mining complex in the Hunter Valley
- 2010 (current) – Part 3A Environmental Assessment for Rocglen Coal Mine in the Gunnedah Basin
- 2010 – Section 75W Modification for Ravensworth Underground Mine in the Hunter Valley
- 2010 (current) – Part 3A EA for Continuation of Mining at a Colliery in Lake Macquarie
- 2009 – Part 5 REF for Continuation of Mining at Marulan South Limestone Mine
- 2009 – Part 5 REF for Exploration Boreholes at Clarence Colliery, Lithgow
- 2009 – Environmental Impact Statement for East Quarry Hard Rock Project

Mine Closure Planning and Rehabilitation Liability Assessment

Andrew has had extensive experience in decommissioning and mine closure planning, including development of mine closure plans and assessment of rehabilitation liabilities, both at the preliminary phase, through to detailed closure planning. Included in this experience is significant mine closure work and the development of mine closure liability calculators for the NSW and Victorian governments.

These calculators include:

- 2005: Development of the NSW DPI-MR Rehabilitation Security Bond Calculation Tool (joint project with URS);
- 2006: Development of the Victorian DPI Mine Security Tool for the Calculation of Rehabilitation Bonds (joint project with URS); and

Both projects have been recognised by the Federal Department of Industry, Tourism and Resources (DITR), and a Case Study was included in the “Leading Practice Sustainable Development Program for the Mining Industry – Resource booklet on Mine Closure”, which was released at the end of 2006.

The following is a summary of his key experiences in this area:

- Current – Preparation of a Preliminary Decommissioning and Closure Plan for an infrastructure corridor consisting of a 230 kV power line, substation, product transfer pipeline and access roads to link the Port and Power Station to the Tampakan Copper-Gold Project in Mindanao, Philippines. This is being prepared as part of the Environmental and Social Impact Statement (ESIA) and included a standalone report and individual chapter in the main body of text.
- 2010 – Preparation of a Preliminary Decommissioning and Closure Plan for a proposed Power Station and Port Facility to support the Tampakan Copper-Gold Project in Mindanao, Philippines.

All workshops have been conducted in accordance with the methodology/protocol outlined in Australian Standards AS/NZS ISO31000:2009 Risk Management – Principles and Guidelines and/or HB203:2006 Environmental Risk Management – Principles and Process.

Affiliations

- Central Queensland Mine Rehabilitation Group
- Hunter Coal Environment Group
- Maitland Lower Hunter Valley Landcare Group
- Hunter Environment Institute

Training

- Implement and Apply Risk Management Process (G2) – Risk Facilitation
- BHP Minerals Environmental Management Systems (EMS) Auditor Training
- Cleaner Production Workshops, Gladstone QLD
- Dangerous Goods Transport Certificate
- ETRS Lead Auditor Certificate in Environmental Management Systems (EMS).
- Mine Officials Statutory Training
- Rio Tinto Coal Australia (Coal & Allied) – Job Co-ordinators, NSW.
- Short course on Environmental Testing & Monitoring for the Mining Industry
- Used Oil Management Conference, Brisbane QLD

Publications

Andrew Hutton has also co-authored three (3) papers on mine closure planning and rehabilitation liability estimation, the details of which are included below.

- 2005: Development of the NSW DPI-MR Rehabilitation Security Bond Calculation Tool (joint project with URS);
- 2006: Development of the Victorian DPI Mine Security Tool for the Calculation of Rehabilitation Bonds (joint project with URS); and
- 2009: New Regulatory Approaches in rehabilitation cost estimation – how successful have they been (joint presentation with URS).
- 2010: The “Smoking Gun” of detailed mine closure cost over-run. A review using case studies of the real costs associated with the removal and demolition of infrastructure in mine closure, presentation to the NSWMC Environment & Community Conference, September 2010.
- 2011: (co-author) - which included a review of the above with updated information and international relevance - The “Smoking Gun” of detailed mine closure cost over-run – A review using case studies of the real costs associated with the demolition and removal of infrastructure in mine closure, paper to be presented to the International Mine Closure Conference, Alberta, Canada.

Agenda for the Audit provided to Wambo and United



APPENDIX 4

AUDIT SCHEDULE

Date:	Tuesday 27th & Wednesday 28th September 2011
Re:	A444 Exploration License Independent Audit
Meeting Location:	Wambo Mine / United
Auditor:	Lead Auditor: Andrew Hutton (GSSE) Auditors: Joni Woollard & David Humphris

DAY ONE – Tuesday 27th September, 2011

Time	Agenda Item
8.00 – 8.15	Arrival and tea/coffee
8.15 – 8.45	Opening Meeting (all audit stakeholders to have a representative) <ul style="list-style-type: none"> • Introductions of GSSE and Wambo and United participants • Confirmation of audit objectives and scope • Audit Timetable and schedule • Outline of auditing process
8.45 – 9.15	Client to provide a brief over view on A444: <ul style="list-style-type: none"> • The history of the A444; • Recent activities; and • Proposed future activities.
9.15 – 11.30	Field inspection of the A444 (GSSE/Wambo/United)
11.30 – 12:15	Lunch
12.15 – 2.15	Interview and Auditing (Wambo/United representative required)
2.15 – 2.30	Afternoon Break
2.30 – 4.30	Interview and Auditing (Wambo/United representative required)

DAY TWO – Wednesday 28th September, 2011

Time	Agenda Item
7.00 – 7.15	Arrival and Coffee <ul style="list-style-type: none"> - Schedule of interviews and inspections to be arranged for the day.
7.15 – 9.00	Interviews and Auditing (Wambo/United representative required)
9.00 – 9.15	Morning Break
9.15 – 11.30	Interviews and Auditing (Wambo/United representative required)
12.00 – 12:30	Lunch
12.15 – 2.15	Interviews and Auditing (Wambo and United representative required)
2.15 – 2.30	Afternoon Break
2.30 – 4.00	Interviews and Auditing (Wambo and United representative required)
4.00 – 4.30	Close Out Meeting (all audit stakeholders to have a representative): <ul style="list-style-type: none"> • Summary of the extent of compliance based on site inspection • Summary of preliminary audit conclusions.
4.30	CLOSE.

This audit schedule has been prepared on the basis of information provided and the scope as discussed with the client. It has been prepared to provide a guide as to the schedule of the audit; however it is expected that there will be a need to alter to suit the needs of the client.

Opening meeting presentation



APPENDIX 5



Independent Audit of Exploration Licence A444

27 and 28 September 2011

Lead Auditor: Andrew Hutton

Auditors: David Humphris & Joni Woollard



GSS ENVIRONMENTAL
Environmental, Land and Project
Management Consultants

Lead Auditor: Andrew Hutton

- 17 years in environmental management, including 7 years working as an environmental manager in coal mines in the Hunter Valley and Queensland.
- Experience in environmental auditing, risk assessment, mine closure planning and rehabilitation, major project approvals, and preparation of management plans and community consultation.
- Andrew has completed a number of environmental audits including environmental management systems audits, consent condition compliance audits, and environmental due diligence audits.
- Formal qualifications in EMS Auditing certified by RABQSA and also Arthur D Little.

Audit Team

- **David Humphris**
 - 19 years experience in environmental assessment, project management, stakeholder consultation, subconsultant and contractor management, strategic planning, planning policy preparation, statutory planning and regulatory licensing.
 - David has worked in various environmental assessment roles in South Africa, England and Australia within both the private and public sectors.
 - David specialises in the preparation and review of Environmental Impact Statements, Review of Environmental Factors, Environmental Assessments and Statements of Environmental Effects for a range of industries, including the mining sector.
- **Joni Woollard**
 - Six years experience in environmental assessment and environmental auditing.
 - Joni has undertaken environmental audits and due diligence reviews with respect to environmental liability.
 - Experience is environmental review, completeness of data and compliance with regulator requirements.

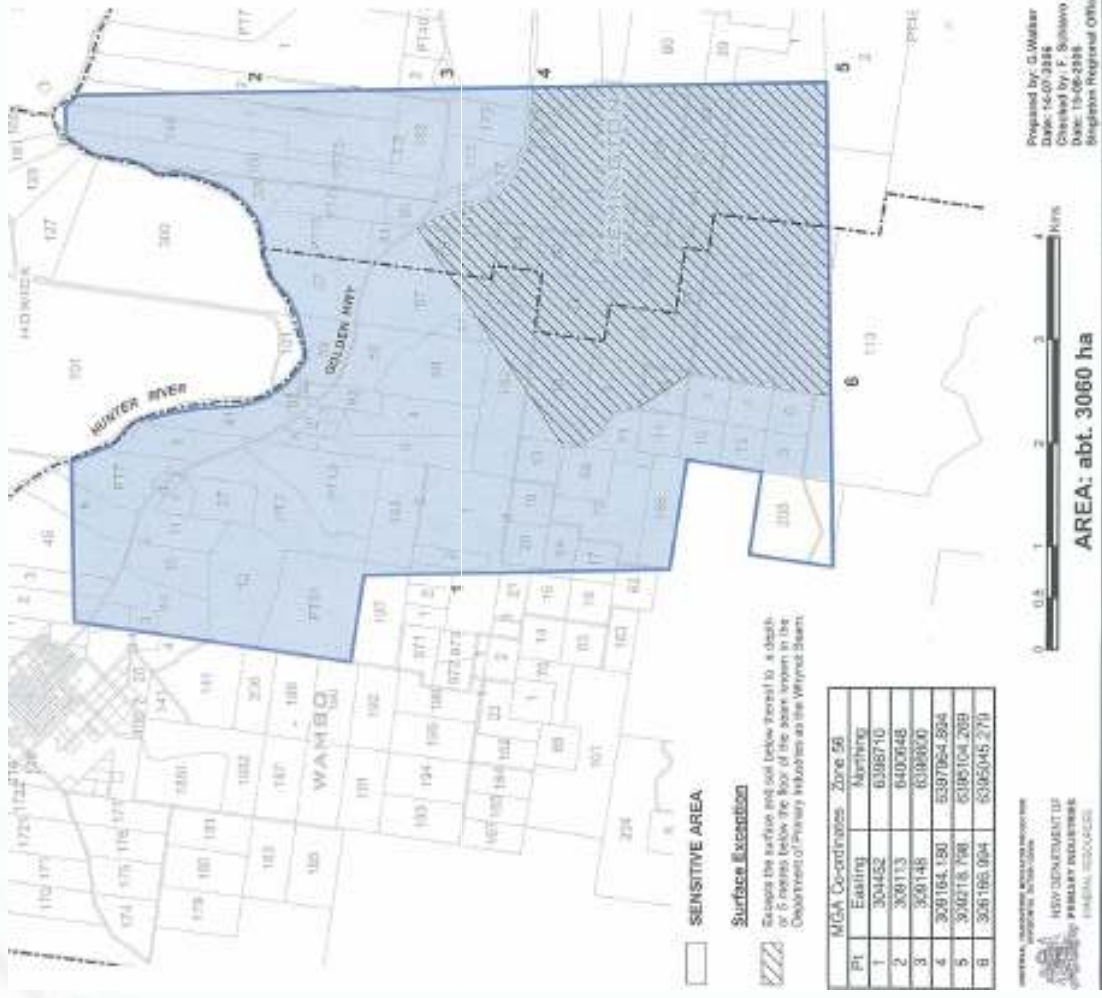
Independent Audits of ELs

- As part of the Strategic Regional Land Use Policy the Government undertook a desk top review of all coal and coal seam gas exploration licences.
- The desktop review identified a number of EL's that warranted a more detailed audit.
- The objective of the audit is to review the current status of the EL and to ensure that licence holders are adhering to all conditions outlined in the EL.

The Audit Process

- The audit will include a site inspection, review of relevant documentation and interviews with site representatives to confirm compliance with the EL conditions.
- The audit will be undertaken in accordance with the guidance provided by the NSW Government titled “*Audit of Exploration Licences in NSW*” August 2011.

Audit Area



Preliminary Audit Findings Meeting and Presentation



APPENDIX 6

Independent Audit of Exploration License A444 Preliminary Audit Findings

28 September 2011



GSS ENVIRONMENTAL
Environmental, Land and Project
Management Consultants





Summary of Audit Process

- Inspected United's drilling on Montrose property, including one combined rehabilitation site.
- Review of the EL conditions and discussions with relevant Wambo and United personal.
- Inspection of:
 - Wambo drilling operations outside A444 (as no active drilling)
 - Wambo onsite core laydown area
 - Wambo's proposed new core shed
 - Wambo rehabilitation on private property (Ball)
 - United's care shed
 - four United permeability boreholes
 - United rehabilitation site older than 12 months.



Site Photographs



27/09/2011 10:57





27/09/2011 10:58



28/09/2011 07:36



28/09/2011 07:38



28/09/2011 08:08



28/09/2011 08:31



28/09/2011 08:52



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28/09/2011 09:01



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28/09/2011 10:02



28/09/2011 10:26



28/09/2011 10:43

Further Documentation

- Wambo
 - Project Approval
 - dxf files of the Wambo area showing:
 - leases areas
 - property owners/cadastral boundaries
 - bore hole locations – proposed and actual
 - project approval boundary
 - Induction processes
 - Examples of tool box talks, specifically relating to issues on A444
 - Aboriginal Heritage Management Plan
 - Letter from Wambo/Sarah Bailey to the Department regarding drilling
 - Four additional recent ESPs
 - Documentation confirming that the latest six monthly report has been submitted and a final version
 - ESP signed off by Mr Ball



Further Documentation

- United
 - Noise monitoring report and/or data
 - Borehole register
 - ESPs for United bore holes UG236, UG238 and SIS hole
 - List of drilling consumables
 - MSDSs relating to the drilling fluids
- An email will be sent to Bryan as the Technical Representative for A444 requesting site confirmation that all exploration activities are undertaken in accordance with the respective SMPs.



Preliminary Audit Findings

- The preliminary audit conclusions are based on our site inspections over the last two days and the information provided on site.
- At this stage no major non compliances were identified, however, there is still documentation to be reviewed for the audit, including a detailed review of the REFs and six monthly reports.



Preliminary Audit Findings

- To date Wambo's drilling has been undertaken as Category 1, this appears to be inconsistent with the current Departmental Guidelines.
- Further review of the ESP will be undertaken, however, it appears to be too generic and would benefit from site specific considerations to ensure it meets best practice.
- Key reporting times were not stringently adhered to, however, GSSE are satisfied that the intent of reporting was met, e.g. EL48 and EL49.
- Increased diligence in following up on rehabilitation once seeded (some failures, slumping and weeds).
- Latest six monthly report has reported 234 boreholes drilled by Wambo, 227 of these were for Montrose Fault definition.



Preliminary Audit Findings

- Good co-operation between Wambo and United.
- Wambo and United contributed to the audit process through having accessible representatives and were forthcoming with documentation.
- Drilling sites observed during site inspections were of a high standard.
- Site practices observed appear to minimise environmental impacts.
- Geological representatives were well informed on environmental issues.
- Both drill companies were aware of safety.
- All drill sites were located within A444 to minimise environmental impacts.
- Boreholes at all sites were sealed.
- Transparency in community consultation with respect to the EL.

List of Documents provided by Wambo and United for the Audit

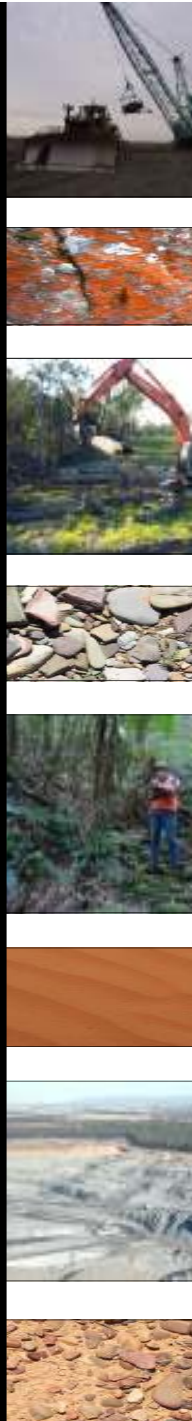


List of Documentation Provided by Wambo and United for GSSE's Review For the Audit

Title	Date
<i>Documents Relevant to United</i>	
Minutes of Community Consultative Committee Meeting	21 December 2010
Minutes of Community Consultative Committee Meeting	8 March 2010
United News, Community Newsletter	January 2010
Notification of Approval for Exploration Drilling in Exploration Authorisation A444 and Consolidated Cell Lease CCL775	16 March 2011
Letter, ML1572, A444: Review of Environmental Factors for United Collieries Additional Exploration Activities 2011-2012	4 August 2011
Review of Environmental Factors for United Collieries Additional Exploration Activities 2010-2011	December 2010
Review of Environmental Factors for United Collieries Additional Exploration Activities 2011-2012	June 2011
EDG10: Surface Disturbance Notice for Exploration Activities	26 October 2010
Letter from Department of Industry & Investment, Surface Disturbance Notice for Exploration Authorisation No. 444	17 September 2009
EDG10: Surface Disturbance Notice for Exploration Activities	7 September 2009
Fax from Department of Primary Industries, Surface Disturbance Notice for Authorisation 444	
EDG10: Surface Disturbance Notice for Exploration Activities	4 November 2008
Letter from Department of Primary Industries, Surface Disturbance Notice for Exploration Authorisation No. 444	9 October 2006
Archaeology and Ecology Due Diligence Inspection 22 March 2010 Borehole Locations, Sumps and Access Tracks – United Collieries Pty Ltd, Warkworth, NSW	28 April 2010
Archaeology and Ecology Due Diligence Inspection 26 February 2010 Borehole Locations and Access Tracks – United Collieries Pty Ltd, Warkworth, NSW	17 March 2010
Archaeology and Ecology Due Diligence Inspection Borehole Locations and Access Tracks – United Collieries Pty Ltd, Warkworth, NSW	13 January 2010
Certification of Cement Sealing Borehole, UG229	11 July 2011
Certification of Cement Sealing Borehole, UG215	3 August 2011
Certification of Cement Sealing Borehole, UG205	11 April 2011
Certification of Cement Sealing Borehole, UG116	20 January 2011
Letter to DECCW Regional Hydrologist, Notification of an Approval for Exploration Drilling in Exploration Authorisation A444 and Consolidated Coal Lease CCL775	16 March 2011
Letter from NSW Department of Industry & Investment, A444, CCL775, ML1634, ML1572, CL374: Approval for exploration drilling	23 Dec 2010
United Collieries Pty Ltd, Surface Drilling Gas Pressure Trigger Action Response Plan	16 August 2010
Tool Box Talk, Surface Drilling Gas Pressure Trigger Action Response Plan	14 September 2010
IND FOR1.01.400 – United Collieries Mine Site Familiarisation	
Email from Umwelt regarding noise monitoring criteria.	22 July 2011
Advice to Inspector of Coal Mines, Section 150 Advice of 12 August 2010 (near miss), including risk assessment, TARP and internal safety alert	18 August 2010
Briefing Note: Sound Power Level Assessment of Exploration Drill	3 August 2011

Title	Date
Rigs #854 and #202	
Tool Box Talk: New Drilling Approval Conditions	22 August 2011
New South Wales – Coal Mine Inspectorate No 01279	10 May 2011
Letter from Department of Industry and Investment, Security increase for A444	24 January 2011
Coal Notification of Incident Form	13 April 2011
Tool Box Talk: Driving on Pinegrove Road	18 April 2011
Security Certificate for increase of security	15 February 2011
Copy of Waste Management Report from JR Richards	August 2011
United Waste Report	March 2011
Theiss Total Waste Management Report for United	January 2011
United Waste Statistics	February 2011
ESP Drill Hole 09CO4	16 October 2010
ESP Drill Site PERM 2	24 March 2011
ESP Drill Site – 10CO4C	24 March 2011
ESP Drill Site – PERM1	24 March 2011
ESP Drill Site – NCO3A	24 March 2011
Australian Mud Company Pty, Material Safety Data Sheet, Penetrol Xtra	
Email from Umwelt (Australia) Pty Limited regarding noise criteria	22 July 2011
United Collieries Pty Ltd, Surface Drilling Gas Pressure Trigger Action Response Plan	16 Aug 2010
Toolbox Talk, Surface Drilling Gas Pressure Trigger Action Response Plan	30 Sept 2009
IND FOR1.01.400 – United Collieries Mine Site Familiarisation	
Department acknowledgement of the Rehabilitation Report dated March 2011 to United, also associated signed documentation from Wambo dated 14 April 2011	26 Sept 2011
Security Certificate	15 Feb 2011
Acknowledgement from the Department of the renewal licence	24 March 2011
United Collieries Appendix 2: Seven Part Test of Significance <i>Environmental Planning & Assessment Act 1979</i>	
Letter from the United Complex Project Manager regarding the Health and Safety Management System	4 October 2011
Documents Relevant to Wambo	
Wambo Coal Pty Limited, Environmental Protection Licence (529) Annual Return	9 December 2010
Community Complaints Register, commencing 1 July 2010/2011	
Environmental Management Strategy	January 2009
Environment Protection Licence 529	22 November 2010
Wambo Coal Environmental Management System, Flora and Fauna Management Plan	January 2010
Wambo Coal Pty Limited, Environmental Incident Response Procedure	September 2007
Letter from DECC, Air Quality Monitoring Data	5 February 2010
A444 Exploration Area, 2006 Renewal Period, Borehole Location Plan	
ESP WJ121 (unsigned)	
SDP WJ72	
SDP WJ74	
ESP WJ92	
SDP WJ58	

**Exploration Licence Audit Compliance
Table**



Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC /NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
SECTION A APPROVAL OF PROSPECTING OPERATIONS					
1	<p><i>Prospecting Operations Permitted under the Licence</i></p> <p>The prospecting operations listed in Category 1 may be conducted on the licence area provided that:</p> <p>(a) the operations do not cause more than minimal impact to the environment, taking into account the sensitivity of the local environment to disturbance;</p> <p>(b) the operations do not cause harm to any threatened species, population or ecological community, or their habitats, including critical habitat;</p> <p>(c) the operations do not cause damage to Aboriginal objects or Aboriginal places;</p> <p>(d) they operations do not cause damage to the values and features listed in section 238 of the Act;</p> <p>(e) the requirements of section 30 of the Act are met, if relevant and</p> <p>(f) the requirements of the State conservation, threatened species, environmental protection, heritage and related legislation are met.</p>	Noted	Noted	NA	Nil
2	<p><i>Prospecting Operations Requiring Further Approval</i></p> <p>All prospecting operations not covered by Condition 1 require additional approval. Such operations comprise:</p> <p>(a) the prospecting operations listed in Category 1 where the provisos listed under Condition 1 cannot be satisfied;</p> <p>(b) prospecting operations listed in Category 2 or 3; and</p> <p>(c) surface disturbing prospecting operations not listed in Categories 1, 2 or 3.</p> <p>All such prospecting operations require proir notification on a Surface Disturbance Notice form to the Department.</p> <p>Approval by the Department requires assessment and determination under Part 5 of the <i>Environmental Planning and Assessment Act 1979 (EP&A Act)</i>.</p> <p>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 repect of prospecting operations not listed under Catgory 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 accordnace with Departmental Guidelines. If the impact of prospecting</p>	<p>Wambo have advised GSSE that they have considered the exploration activities that have been undertaken within A444 as a Category 1 activity. Therefore, no additional approval was sought. However, based on GSSE's review of the exploration operations undertaken by Wambo, it is GSSEs position that the operations should be assessed as a Category 2 activity going forward.</p> <p>Wambo have undertaken the exploration operations under an internal Exploration Site Permit (ESP) process.</p> <p>GSSE's review of (ESP) for drill sites OCC16, OCD17, OCD21 and OCD22 showed that a number of sections within some of the permits have not been completed. These include Section 4 – During Project Enviro Compliance Report, Section 4a – Photographs, Section 5 – Rehabilitation Compliance Report, Section 5a – Clarification, Section 5b – Photographs, Section 6 – Project Completion and Attachment A – Work Schematic</p> <p>Notwithstanding the above, based on the site inspection on 28 September 2011 and discussions with Wambo during the audit, GSSE considers that the works outlined in the sections above have been completed, however, that the ESP's have not been filled out.</p>	<p>United have prepared two Review of Environmental Factor (REF)'s dated December 2010 and June 2011, which were provided for GSSE's review. These are titled:</p> <ul style="list-style-type: none">• <i>Review of Environmental Factors for United Collieries Exploration Program 2010-2011, December 2010;</i> and• <i>Review of Environmental Factors for United Collieries Additional Exploration Activities 2011-2012, June 2011.</i> <p>The Department of Industry & Investment has provided an approval of the exploration works outlined in the December 2010 REF on 23 December 2010.</p> <p>The June 2011 REF was subsequently approved by the Department of Resources & Energy on 4 August 2011.</p> <p>Copies of the two letters approving the REF's were cited by GSSE. In addition, each of the approval letters outlining some additional conditions which must be adhered to for the exploration operations have been reviewed and included as part of the scope for this audit (See General Conditions at the end of this compliance table).</p> <p>Prior to the preparation and approval of the REF's, Surface Disturbance Notices (SDNs) were submitted outlining the exploration activities to be undertaken.</p> <p>All drilling undertaken by United is on land owned by Wambo and as such in addition to the above, United</p>	C	<p>RECOMMENDATION FOR IMPROVEMENT: It is recommended that Wambo review their decision making process for determining the Category operations as they related to exploration drilling. Going forward, depending on the nature of the drilling program, the drilling activities should be assessed as either Category 2 or 3 assessments.</p> <p>RECOMMENDATION FOR IMPROVEMENT: Wambo should ensure that ESP's are filled out and completed appropriately during all stages of exploration operations.</p>



Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC /NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
	<p>operations on the environment is determined as likely to significantly in terms of Part 5 of the <i>EP&A Act</i>, then the Department will require the licence holder to submit an Environmental Impact Statement (EIS).</p> <p>The licence holder must not commence the operations without prior written approval from the Department.</p>		complete an ESP for all drill sites. The ESP is signed off and approved by the Wambo Environmental Department.		
SECTION B SPECIAL AREA CONDITIONS					
3	<p><i>Exempt Areas</i></p> <p>The licence holder must not commence prospecting operations un an exempt area under the Act without obtaining prior written consent from the Minister.</p> <p>“Exempt area” under the Act are lands set aside for public purposes. They include travelling stock reserves, water supply reserves, State forests, and public reserves, road reserves and permanent commons. Under Section 30 of the Act the “exercise if 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 <i>EP&A Act</i>.</p> <p>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 for 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.</p> <p>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.</p>	<p>Wambo advised that no exploration activities were undertaken within exempt areas. This was verified by GSSE’s review of the drill hole locations as provided by Wambo, see attached Figure 1 in Appendix 9.</p> <p>GSSE is satisfied that Wambo is aware of this requirement to seek approval prior to drilling in these areas.</p>	<p>The December 2010 and June 2011 REF’s state that there are a number of exempt areas within the exploration area and that approval would be sought prior to drilling in exempt areas.</p> <p>United advised that no exploration activities were undertaken within exempt areas. This was verified by GSSE’s review of the drill hole locations as provided in the approved REF’s.</p>	C	<p>RECOMMENDATION FOR IMPROVEMENT: GSSE recommend that a figure is prepared and held with both United and Wambo. The plan is too clearly mark the exempt areas within A444.</p> <p>RECOMMENDATION FOR IMPROVEMENT: The location of these areas and the need for approval prior to any drilling in these exempt areas needs to be communicated to all involved in exploration drilling within A444.</p>


Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC/NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
6	<p><i>Sensitive Areas</i></p> <p>The licence holder must not carry out any operations in the area shown by yellow tint on the attached diagram without written approval of the Department and subject to any conditions that may be stipulated.</p>	<p>Wambo advised that no exploration activities have been undertaken within sensitive areas. This was verified by GSSE's review of the drillhole locations.</p> <p>Figure 2 (Appendix 9) is a plan that shows all future proposed drilling within A444. It currently has four OC holes in the exempt area in the SW portion of A444.</p> <p>GSSE is satisfied that Wambo is aware of this requirement to seek approval prior to drilling in these areas.</p>	<p>United advised that no exploration activities have been undertaken within sensitive areas. This was verified by GSSE's review of the proposed and completed drillhole locations.</p>	C	<p>RECOMMENDATION FOR IMPROVEMENT: GSSE recommend that a figure is prepared and held with both United and Wambo. The plan is too clearly mark the sensitive areas within A444.</p> <p>The location of these areas and the need for approval prior to any drilling in these sensitive areas needs to be communicated to all involved in exploration drilling within A444.</p>
SECTION C ENVIRONMENTAL MANAGEMENT OF PROSPECTING OPERATIONS					
10	<p><i>Environmental Management Conditions</i></p> <p>(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.</p> <p>(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:</p> <p>(i) Approvals under conditions 2, 6, 9, 16(a), 17, 20(b) and 21(a); and</p> <p>(ii) Consents under conditions 3 and 4.</p> <p>(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.</p> <p>(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.</p>	Noted.	Noted, additional conditions provided in the REF approvals dated 23 December 2010 and 4 August 2011 are provided below.	NA	Nil
11	<p><i>Environmental Management - General</i></p> <p>(a) Environmental management operations must be carried out according to the current best environmental practice* or, alternatively, it must confirm to a specific Environmental Management Plan prepared by the licence holder which is acceptable to the Department.</p> <p>*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.</p> <p>(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</p>	<p>(a) Wambo undertake the exploration works under an Exploration Site Permit (ESP) process, which outlines the general environmental practices to be adhered to. However, Wambo do not have a specific Environmental Management Plan.</p> <p>GSSE was provided with a number of ESP's, including for drill sites OCC16, OCD17, OCD21 and OCD22. A review of these documents showed that they were generally in accordance with environmental best practice. However, the ESP's were considered to be generic and were not always tailored to individual drill sites.</p> <p>Notwithstanding the above, based on the observations when undertaking the site inspections on the 27th and 28th September, GSSE is satisfied that the drilling activities are of a high environmental standard.</p>	<p>(a) United's exploration operations are undertaken in accordance with the REF's dated December 2010 and June 2011. The REF's were reviewed by GSSE and are considered to comply with best environmental practice. Therefore, GSSE consider that United are complying with this Condition.</p> <p><i>Note: when drilling on land owned by Wambo, United utilise the Wambo ESP process. However, in addition to this as part of United Site Due Diligence practices, each drill site is visited by a qualified Ecologist and Archaeologist, who provide site specific information, such as final site location, potential for threatened species and if further approvals (such as an REF) would be required. This information is then provided to Wambo as part of the Landowners ESP</i></p>	NC2	<p>RECOMMENDATION FOR IMPROVEMENT: It is recommended that the ESPs used by Wambo and United are adapted to enable more site specific elements for each individual drill site. This is particularly important for these sites where sensitive features are identified (i.e. near water courses, erosion, etc).</p>




Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC/NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
	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.	(b) Wambo consider that the exploration operations undertaken to date have been Category 1 and have not received any direction from the Department requesting that an EMP be prepared.	(b) United advised that they have not received a direction from the Department to prepare an EMP. GSSE were unable to verify this, however, are satisfied that United understand this Condition.		
12	<p><i>Aboriginal Cultural Heritage</i></p> <p>(a) Prior to carrying out 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 (NWPS, October 1997).</p> <p>(b) Aboriginal Cultural Heritage issues must be satisfactorily addressed in any notification under Condition 2 of this licence.</p> <p>(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 <i>National Parks and Wildlife Act 1974</i>. The licence holder must make all necessary precautions in drilling, excavating or disturbing the land against any such destruction, defacement or damage.</p>	<p>(a) GSSE cited the document “Draft <i>Wambo Coal Environmental Management System, Aboriginal Cultural Heritage Management Plan</i>” dated May 2010. It is noted that this plan was not prepared specifically for A444, however, it does apply to Wambo owned land within A444. A majority of the land within A444 is owned by Wambo, although not all of A444 is Wambo land.</p> <p>The Aboriginal Cultural Management Plan provides the framework for the management of any known or potential Aboriginal cultural heritage sites and/or objects. In addition, it is noted on the ESP that if an Archaeological Survey has not been undertaken a Cultural Heritage Due Diligence Report is required.</p> <p>Based on GSSE’s review of Wambo’s Cultural Heritage Management Plan, ESP process and discussions with Wambo personal, GSSE are satisfied that Wambo are complying with this condition.</p> <p>(b) Wambo have not submitted any Surface Disturbance Notifications to the Department as Wambo consider the exploration operations to be Category 1. Furthermore, a REF has not been prepared by Wambo.</p> <p>(c) Wambo’s Aboriginal Cultural Heritage Plan provided a framework for the management of Aboriginal places and objects. Also, the ESP provides a check to ensure that if an archaeological survey has not been undertaken a Cultural Heritage Due Diligence Report is undertaken.</p> <p>During the site inspection, GSSE found that the Wambo were aware of Aboriginal places and objects and the requirements for protection. Therefore, GSSE consider that Wambo were making all necessary precautions to prevent destruction, defacement or damage and are complying with this condition.</p>	<p>(a) United’s REF’s dated December 2010 and June 2011 provide information regarding the aboriginal archaeology of the exploration area including the results of a review of the Department of Environment, Climate Change and Water (DECCW) Aboriginal Heritage Information Management System database. It is stated in the REF’s that a significant number of Aboriginal sites in the vicinity of the exploration area are registered with the DECCW Aboriginal Heritage Information Management System.</p> <p>United have also used a predictive model to determine likely Aboriginal sites based on the previous studies in the area and archaeological patterns. The predictive model is used along with United’s due diligence process.</p> <p>During the site inspection of 27 and 28 September 2011, United advised that prior to any exploration operations being undertaken, due diligence was undertaken for each proposed drill site. This includes a site inspection in accordance with the <i>NSW Minerals Industry Due Diligence Code of Practice for the Protection of Aboriginal Objects</i>, September 2010.</p> <p>United representatives also advised that drill sites were relocated based on the potential for Aboriginal objects to be present. On 27 September 2011 GSSE observed that drill site UG234 had been relocated as it was located within 50 m of a watercourse. The predictive modelling indicated that artefact scatters and isolated finds were most commonly found within 50 m of watercourses. Therefore, the drill site was relocated away from the watercourse. The original marker for the drill site and the final drill site were viewed by GSSE.</p> <p>Furthermore, GSSE observed that United’s Geologist had a good understanding of potential heritage impacts. This included a display of Aboriginal artefacts from the vicinity of the site which were used as examples of objects which may be found within the exploration area. United advised GSSE that contractors were shown this display during the induction process.</p> <p>GSSE consider that based on their review of the REF’s and discussions with United personal</p>	C	<p>RECOMMENDATION FOR IMPROVEMENT: It is recommended that Wambo update their Aboriginal Cultural Heritage Management Plan to comply with the <i>NSW Minerals Industry Due Diligence Code of Practice for the Protection of Aboriginal Objects</i>, September 2010 prior to it being finalised.</p> <p>In addition, it is recommended that the plan be expanded to include all of A444 as exploration operations are being undertaken on private land.</p>



Exploration Licence Conditions 2004 – Authorisation 444					
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			<p>that United are complying with this Condition.</p> <p>(b) See above.</p> <p>(c) During the site inspections for the audit on 27 and 28 September 2011 GSSE found that United were very aware of the potential for Aboriginal artefacts to be present and were making all necessary precautions to prevent destruction, defacement or damage. Therefore, GSSE consider that United are complying with this Condition.</p>		
13	<p><i>Threatened Species, Populations, Ecological Communities and their Habitats, and Critical Habitat</i></p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>(a) The ESP, which must be completed prior to undertaking any exploration activities, states that a pre disturbance flora and fauna assessment must be undertaken before any disturbance. However, the level of assessment is to be determined after the initial investigations.</p> <p>GSSE's review of the ESP process has found that it is quite generic. However, based on GSSE's site inspection on 28 September and discussions with site personal, GSSE consider that Wambo are considering potential impacts on threatened species populations and ecological communities and their habitats, and critical habitat. Therefore, Wambo are complying with the condition.</p> <p>(b) All exploration operations undertaken by Wambo have been considered by Wambo to be Category 1. Therefore, no notification has been made under Condition 2 of the licence.</p> <p>(c) Based on GSSE's review of the information provided by Wambo and the site inspections of 27 and 28 September 2011 GSSE are satisfied that Wambo do not require a licence.</p>	<p>(a) It is stated in United's REF's dated December 2010 and June 2011 that environmental due diligence inspections will be undertaken for each intended exploration site. The due diligence inspections will be undertaken to identify environmental values and environmental management issues. If threatened species or endangered populations are identified the drilling will be relocated to avoid impact where possible.</p> <p>It is noted in the REF's that a number of threatened species listed under the NSW <i>Threatened Species Conservation Act 1995</i> are known to occur within A444. However, these are predominantly woodland birds and as they are migratory species, therefore, minor disturbance for exploration operations is unlikely to cause an impact.</p> <p>Three endangered flora populations listed under the NSW <i>Threatened Species Conservation Act 1995</i> have the potential to occur within A444. GSSE's review of United's REF's showed that if these are identified at a proposed exploration area the activity will be relocated. Based on GSSE's review of the REF's and site inspections of 27 and 28 September 2011 it is considered that United are considering potential impacts on threatened species populations and ecological communities and their habitats, and critical habitat. Therefore, United are considered to be complying with this Condition.</p> <p>(b) As discussed above United's REF's dated December 2010 and June 2011 address threatened species populations and ecological communities and their habitats, and critical habitat. Based on their review GSSE consider that these are satisfactorily addressed in the United's REF's.</p> <p>(c) Based on GSSE's review of the information provided by United and the site inspections of 27 and 28 September 2011 GSSE are satisfied that United do not require a licence.</p>	C	Nil

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14	<p><i>Heritage Items</i></p> <p>(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.</p> <p>(b) Heritage items must be satisfactorily addressed in any notification under Condition 2 of this licence.</p> <p>(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.</p>	<p>(a) The ESP states that if an Archaeological Survey has not been undertaken a Cultural Heritage Due Diligence Report is required. However, the ESP does not detail what actions should be implemented in the event that a heritage item is identified.</p> <p>However, based on GSSE's site inspection on 28 September 2011 and discussions with Wambo personal, GSSE is satisfied that Wambo are complying with this Condition.</p> <p>(b) All exploration operations undertaken by Wambo have been considered by Wambo to be Category 1. Therefore, no notification has been made under Condition 2 of the licence.</p> <p>(c) GSSE understand that no items of heritage significance have been identified. GSSE are satisfied that Wambo understand this Condition.</p>	<p>(a) It is stated in United's REF's dated December 2010 and June 2011 that environmental due diligence inspections will be undertaken for each intended exploration site. The due diligence inspections will be undertaken to identify any historic heritage values.</p> <p>If historic heritage values are identified the drill site will be moved if possible. If it is not possible to avoid the historic heritage value the required approvals/licences will be obtained. The REF's also provide a procedure in the event that a previously unidentified heritage site or object is identified during exploration operations.</p> <p>GSSE's review of United's REF's it is considered that United is implementing appropriate precautions against causing any damage to or destruction of items of heritage significance and is complying with this Condition.</p> <p>(b) As discussed above, United's REF's dated December 2010 and June 2011 address the potential for heritage items to be present within A444. In addition, a discussion on the previously identified heritage items identified in the vicinity of A444 is provided within the REF's. GSSE consider that heritage items are satisfactorily addressed in the United's REF's.</p> <p>(c) GSSE's review of United's REF's dated December 2010 and June 2011 showed that a desk top study of the potential for items of heritage significance, including the NSW State Heritage Register and State Heritage Inventory. It is stated in the REF's that these searches did not identify any items subject to any form of statutory heritage listing.</p> <p>GSSE were unable to verify that no item of heritage significance had been disturbed. However, GSSE are satisfied that United understand this Condition and that they have adequate systems in place to manage the identification of items of heritage significance.</p>	C	Nil
15	<p><i>Trees and Vegetation</i></p> <p>(a) The licence holder must not fell trees, strip bark or cut timber on any land subject to this licence without the consent of the landowner who is entitled to the use of the timber, or if such landowner refuses consent or attached unreasonable conditions to the consent, without approval of the Mining Warden.</p> <p>(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 <i>Native Vegetation Act 2003</i>.</p>	<p>(a) Wambo advised GSSE that under the ESP they are not allowed to remove trees. GSSE's review of the ESP's provided by Wambo showed that the additional environmental requirements included "<i>Some general clearance necessary, branches and shrubs, but no large trees needed to be cleared</i>".</p> <p>Wambo also advised during the site inspections that when exploration activities had been undertaken on private property the landowners had never refused consent.</p> <p>(b) Noted.</p> <p>(c) Wambo advised that no exploration activities were undertaken on Crown Land. GSSE reviewed the bore hole locations provided by Wambo and</p>	<p>(a) United advised GSSE that all exploration activities for A444 were undertaken on Wambo's land. Furthermore, United requires an ESP from Wambo prior to exploration operations commencing. The ESP notes if felling of trees is allowed.</p> <p>United also advised GSSE during the site inspection on 27 and 28 September 2011 that every effort was made to minimise the degree of disturbance to trees and vegetation. GSSE observed the positioning of a bore hole between a number of trees on top of a hill to ensure that the works could be undertaken without removing any trees. United also advised that they used a smaller, track mounted drill rig that could access smaller areas, therefore, reducing the amount of disturbance required. GSSE observed this rig on 27 September 2011.</p>	C	Nil

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	(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.	confirmed that there had been no drilling activities on Crown Land. Therefore, Wambo are considered to be complying with this Condition.	<p>GSSE consider that United are complying with this Condition.</p> <p>(b) Noted.</p> <p>(c) United advised that all exploration operations have been undertaken on Wambo's land and that they have not drilled on Crown Land. GSSE's review of the borehole locations provided by United confirmed that all of United's exploration activities were undertaken on Wambo's land.</p>		 <p>Drill rig located amongst trees without the need to clear. The Track mounted drill provides increased manoeuvrability.</p>
16	<p>Roads and Tracks</p> <p>(a) Operations must not affect the public's normal use of any road or track unless with the prior written approval of the Department.</p> <p>(b) Operations must not affect the availability of existing roads on any land for use for fire fighting.</p> <p>(c) The licence holder must pay to the designated authority in control of the road or track (generally the local council or the Road and Traffic Authority) the reasonable costs incurred by the designated authority in fixing any damage to the roads caused by operations carried out in accordance under the licence.</p> <p>(d) During wet weather the use of any road or track must be restricted so as to prevent damage to the road or track.</p> <p>(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.</p> <p>(f) The design, construction, repair and rehabilitation of constructed access tracks must be in accordance with specifications given in any Review if Environmental Factors required (Condition 2) or an Environmental Improvement Plan (Condition 11) which has been accepted by the Department.</p> <p>(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.</p> <p>(h) Rehabilitation activities undertaken in regard to this Condition must be included in reports</p>	<p>(a) Wambo advised that Pine Grove Road, Redmonvale Road and Wambo Road were the only access roads used for A444. Wambo also advised that all contractors must undergo an induction prior to undertaking works. The induction process includes a competency assessment and being appointed prior to being allowed to drive one site.</p> <p>GSSE cited weekly tool box minutes, dated 14-04-11, these included discussion on an incident on Pine Grove Road and a reminder for all crews to drive to the conditions and to take extra caution on Pine Grove Road.</p> <p>A letter from the Department of Lands dated 4 May 2009 provided by Wambo was also cited by GSSE. This letter provided the requirements for a survey for a Road Closure/Private Treaty Sale application regarding Parmeter Street. However, no further documentation was provided by Wambo for GSSE's review regarding a road closure.</p> <p>Based on the site inspection of 28 September 2011, review of documentations provided by Wambo and discussions with Wambo personal, GSSE are satisfied that Wambo are complying with this Condition.</p> <p>(b) Wambo advised GSSE on 27 September 2011 that there was one fire trail located along the boundary of the National Park in the southern portion of A444 and that this had not been impacted by the exploration activities. GSSE could not verify this as this area was very difficult to access, however, GSSE are satisfied that Wambo understand this Condition.</p> <p>(c) Wambo advised that there had been no damage to public roads or tracks. Furthermore, during the site</p>	<p>(a) United have advised that all exploration works have been undertaken on Wambo's land and that Pine Grove Road, Redmonvale Road and Wambo Road were the only access roads used for A444. All contractors must also undergo United and Wambo's induction process.</p> <p>United provided a copy of the minutes of a tool box talk dated 14/04/2011 following an incident on Pine Grove Road. The tool box talk outlined the speed limits for United workers and contractors to limit speed to 40 km/hour and 30 km/hour for all trucks. It also stated that you must drive to the conditions.</p> <p>Based on the site inspections of 27 and 28 September 2011, review of documentations provided by United and discussions with United personal GSSE are satisfied that United are complying with this Condition.</p> <p>(b) United advised that GSSE that exploration activities have not been undertaken on road ways or fire trails. If a drill site was proposed to be located on an access road or fire trail the drill site would be relocated. GSSE were unable to verify this, however, are satisfied that United understand this Condition.</p> <p>(c) United advised that there had been no damage to public roads or tracks. During the site inspection of 27 and 28 September 2011 no damage to public roads or tracks were observed. Therefore, based on discussions with United personal and the site inspections GSSE is satisfied that United are complying with this Condition.</p> <p>(d) United have advised that all workers and contractors must be inducted into both Wambo and United's sites. The "Peabody Wambo Coal Exploration</p>	C	 <p>Rehabilitated access track to a Wambo drill site.</p>



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	prepared in accordance with Condition 28 (a).	<p>inspections of 27 and 28 September 2011 no damage to public roads or tracks was observed. Therefore, GSSE are satisfied that Wambo are complying with this condition.</p> <p>(d) The “Peabody Wambo Coal Exploration Program, Contractor Conduct and Procedures” was provided by Wambo for GSSE’s review. It is noted in this presentation that if the conditions are wet then you should assess if you should use the track and consult with your Wambo representative.</p> <p>(e) Wambo advised that where possible they use existing tracks. Any new tracks which are formed are rehabilitated when they are no longer necessary. GSSE inspected a rehabilitated track which led to dill site WJ88 located on private property on 28 September 2011 and found it to be in good condition and well grassed. Therefore, GSSE is satisfied that Wambo are complying with this Condition.</p> <p>(f) Wambo have not submitted a REF or Environmental Improvement Plan as all exploration works were considered by Wambo to be Category 1.</p> <p>(g) GSSE inspected a rehabilitated track on 28 September 2011 and found it to be in good condition and well grassed. Based on the site inspection and discussions with Wambo personal GSSE is satisfied that Wambo are complying with this Condition.</p> <p>(h) See condition 28(a) for detail</p>	<p><i>Program, Contractor Conduct and Procedures</i>” was provided by Wambo for GSSE’s review. It is noted in this presentation that if the conditions are wet then you should assess if you should use the track and consult with your Wambo representative. Therefore, GSSE is satisfied that United are complying with this Condition.</p> <p>(e) United advised that all exploration activities were undertaken under Wambo’s ESP and that where possible existing tracks were used. During the site inspection of 27 September 2011 GSSE observed a number of drill sites positioned in close proximity to existing tracks.</p> <p>United also advised that where tracks are required to be created the proposed track and the drill site are subject to the due diligence process. GSSE are satisfied that United are complying with this condition.</p> <p>(f) United’s REF’s dated December 2010 and June 2011 were provided for GSSE’s review. A discussion regarding the site rehabilitation works to be carried out is provided in the REF’s and it is noted that <i>“land disturbance will be rehabilitated to a stable and permanent form suitable for a subsequent land use”</i>.</p> <p>During the site inspections of 27 and 28 September 2011 no rehabilitated tracks could be inspected as on-going rehabilitation was being undertaken at the drill sites and access was still required. However, based on GSSE’s review of the REF’s and discussions with United personal GSSE is satisfied that United are complying with this Condition.</p> <p>(g) See above.</p> <p>(h) See condition 28(a) for detail</p>		
17	<p><i>Streams and Watercourses</i></p> <p>The licence holder must not interfere with the flow of water in any stream or watercourse without the prior approval of the Department, and subject to any conditions that may be stipulated.</p>	<p>Wambo’s ESPs which were provided for GSSE’s review state that <i>“no disturbance shall be allowed within 40 m of the top of the upper bank of a defined creek line, stream or defined natural water course, unless otherwise authorised by a Peabody Wambo Coal Environmental Representative”</i>.</p> <p>GSSE inspected a number of drill hole locations (both past and present) and is satisfied that this condition is being met.</p>	<p>It is stated in United’s REF’s dated December 2010 and June 2011, which were provided for GSSE’s review, that all drilling activities will be undertaken at least 40 m from all creeks and rivers. In addition, surface disturbance will be minimised and sumps will be used and all slurry and dirty water will be disposed of off-site.</p> <p>During the site inspection of 27 September 2011 GSSE observed a marker placed in the original proposed drill location. However, as this was located within 40 m of a creek the drill site was relocated away from the creek.</p> <p>The active drill site inspected by GSSE on 27 September 2011 had three lined sumps installed down gradient of the drill rig. United advised that an additional sump was installed to ensure sufficient volume to contain any run off. Based on GSSE’s review of the REF’s, site inspection and discussions with United personal GSSE is satisfied that United are complying with this Condition.</p>	C	 <p>A completed drill site that was moved away from the creek during the due diligence process.</p>



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		Wambo Coal Pty Limited	United		
18	<p>Erosion and Sediment Controls</p> <p>(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.</p> <p>(b) For operations requiring approval under Condition 2 the licence holder must document in any Review of Environmental Factors requiring a plan setting out the proposed methods for minimising erosion and controlling sediment movement.</p> <p>(c) The procedures undertaken to minimise erosion and control of sediment movement must be included in reports prepared in accordance with Condition 28(a).</p>	<p>(a) Wambo ESP's which were provided for GSSE's review state that a range of measures should be implemented prior to drilling commencing to reduce the risk to drainage. These include:</p> <ul style="list-style-type: none"> • <i>"Install a sump to catch drill cuttings and surface water"</i> • <i>Install sediment controls around sump to manage overflows</i> • <i>The site is located on gently sloping ground – there are no water courses or significant drainage lines in the area</i> • <i>Also incorporate regular use of mobile 'sucker truck' to remove water and provide capacity in sump".</i> <p>The ESP's cited by GSSE included these generic conditions. GSSE is satisfied that Wambo understand this Condition.</p> <p>(b) All exploration operations undertaken by Wambo have been considered by Wambo to be Category 1. Therefore, no notification has been made under Condition 2 of the licence.</p> <p>(c) See Condition 28(a) for detail.</p>	<p>(a) United's exploration operations are undertaken under the REF's dated December 2010 and June 2011 and Wambo's ESP. GSSE have reviewed the REF's and found they consider erosion and sediment control measures, including surface water diversion and sediment fences and the installation of sumps with appropriate freeboard to prevent overflow.</p> <p>In view of the information provided in the REF's and Wambo's ESP, GSSE is satisfied that United are planning and carrying out operations in a manner that minimises erosion and controls sediment movement and are complying with this Condition.</p> <p>(b) See above.</p> <p>(c) See Condition 28(a) for detail.</p>	C	 <p>Sediment fence that was installed down slope of the material excavated from the sumps.</p>  <p>Lined sumps installed to collect drill cuttings and water from the drilling process.</p>
19	<p>Prevention and Monitoring of Pollution</p> <p>(a) Operations must be planned and carried out in a manner that does not cause or aggravate air pollution, water pollution (including sediment) or soil contamination. For the purposes of this condition, water shall include any water course, waterbody or groundwaters. The licence holder must observe and perform any instructions given by the Department in this regard.</p> <p>(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.</p> <p>(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.</p> <p>(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</p>	<p>(a) GSSE's review of Wambo's ESP process showed that it includes consideration of environmental factors including dust, noise, creeks, streams and natural water bodies, removal of all liquid and sludge from sumps and ensure adequate spill kits are available.</p> <p>The active drill site inspected by GSSE was observed as being maintained to a high standard. During the inspection GSSE observed chemical stored on a bunded pallet.</p> <p>Wambo also advised GSSE that the Department has not provided any instructions regarding the prevention and monitoring of pollution. GSSE are satisfied that Wambo are planning and carrying out the exploration operations in a manner that does not cause or aggravate pollution and are complying with this Condition.</p> <p>(b) All exploration operations undertaken by Wambo have been considered by Wambo to be Category 1. Therefore, no notification has been made under Condition 2 of the licence.</p>	<p>(a) GSSE has reviewed the December 2010 and June 2011 REF's provided by United. These provide an outline of potential pollution issues and management strategies, including air quality, noise, water resources, hazardous substances and waste management. GSSE considers that these measures are appropriate.</p> <p>During the site inspection on 27 September 2011 GSSE verified that United were implementing appropriate controls to prevent pollution.</p> <p>United advised GSSE that the Department has not provided any instructions regarding the prevention and monitoring of pollution. GSSE are satisfied that United are planning and carrying out the exploration operations in a manner that does not cause or aggravate pollution and are complying with this Condition.</p> <p>(b) As discussed above United's December 2010 and June 2011 REF's outline proposed methods to minimise pollution. GSSE have reviewed the proposed methods and consider them to be appropriate. Therefore, GSSE consider that United</p>	C	 <p>Spill response kit in place at the Wambo drilling rig.</p>


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		Wambo Coal Pty Limited	United		
	prepared in accordance with Condition 28 (a).	<p>(c) Wambo advised GSSE that they have not been directed to undertake any environmental monitoring by the Department. GSSE were unable to verify this, however, are satisfied that Wambo understand this Condition.</p> <p>(d) See Condition 28(a) for detail</p>	<p>are complying with this Condition.</p> <p>United advised GSSE that they have not been directed to undertake any environmental monitoring by the Department. GSSE were unable to verify this, however, are satisfied that United understand this Condition.</p> <p>(c) See Condition 28(a) for detail.</p>		
20	<p><i>Refuse, Chemicals, Fuels and Waste Materials</i></p> <p>(a) The licence holder must maintain operations areas in a clean and tidy condition at all times.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(f) Any soil contamination 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.</p> <p>(g) Activities undertaken in regard to this Condition must be included in reports prepared in accordance with Condition 28 (a).</p>	<p>(a) GSSE's review of Wambo's ESP process shows that it is a Wambo requirement that facilities are provided for litter disposal and that all litter is removed from the site or stored appropriately each day. During the site inspection undertaken by GSSE on 28 September 2011 the drill sites were observed to be in a clean and tidy condition. Therefore, GSSE are satisfied that Wambo are complying with this condition.</p> <p>(b) Wambo advised that refuse and waste materials generated on-site were disposed of by Thiess.</p> <p>(c) Wambo advised that there were no facilities provided for the drillers at the drill sites. The drillers either used the facilities within the Administration Offices at Wambo or at nearby service stations. GSSE is satisfied that Wambo are complying with this Condition.</p> <p>(d) During the site inspection on 28 September 2011 GSSE inspected one of Wambo's exploration drill sites. It is noted that the drill site was not located within A444, however, it was considered indicative of Wambo's drilling activities as there were no active sites within A444.</p> <p>During the site inspection GSSE verified that chemicals, fuels and oils were stored in sound containers and that appropriate spill kits were provided. A secondary collection system was installed under the drill rig (see condition above).</p> <p>(e) During the site inspection on 28 September 2011 GSSE inspected one of Wambo's exploration drill sites. It is noted that the drill site was not located within A444, however, it was considered indicative of Wambo's drilling activities as there were no active sites within A444.</p> <p>GSSE noted that the sumps were lined with plastic. However, the sumps were near full and there was insufficient freeboard if a storm event was to occur. Wambo advised that the sumps were pumped out on an as needs basis.</p> <p>GSSE's review of Wambo's ESP identified that there is no requirement for sumps to be plastic</p>	<p>(a) It is stated in United's REF's dated December 2010 and June 2011 that all drill sites will be kept in a tidy state. This was verified during GSSE's site inspections of 27 and 28 September 2011 which found the active drill site and drill sites in the process of rehabilitation to be clean and tidy. GSSE consider that United are complying with this Condition.</p> <p>(b) It is stated in United's REF's dated December 2010 and June 2011 that all wastes generated will be collected, segregated and stored appropriately. Wastes will be disposed of to an approved landfill or other site in accordance with local council requirements.</p> <p>On 27 September 2011 GSSE verified that wastes were being stored appropriately on the active drill site. In addition, United provided Waste Management Reports from Theiss and JR Richards. These do not specifically discuss waste created during exploration activities. However, GSSE are satisfied that United understand this Condition.</p> <p>(c) United advised that there were no facilities provided for the drillers at the drill sites. The drillers either used the facilities within the Wambo Administration Offices or at nearby service stations. GSSE is satisfied that United are complying with this condition.</p> <p>(d) It is stated in United's REF's dated December 2010 and June 2011 that "<i>all chemicals, fuels and oils used on site will be appropriately bunded, and spill and absorbent materials will be maintained on site</i>". This was verified by GSSE during the site inspection of 27 September 2011.</p> <p>(e) It is stated in United's REF dated June 2011 that all liners will be used in all sumps. GSSE note that this has been updated from the December 2010 REF as a result of additional Conditions from the Department (see below). This was verified by GSSE during the site inspection of 27 September 2011 as the three sumps inspected were lined with plastic.</p> <p>United also advised that the drilling fluid used during exploration operations is Penetrol Xtra. United provided a MSDS for Penetrol Xtra for GSSE's review. GSSE's review of the MSDS confirmed that</p>	C	 <p>Plastic liner (Tarp) placed under the drill rig to catch any spillage or leaks.</p>  <p>Diesel fuel was stored on the light vehicle rather than tanks on the drill site. A spill kit was also observed on the site.</p>

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		<p>lined. However, GSSE did observe liners being used in the field on 28 September 2011. In addition, Wambo advised that biodegradable drilling fluids are used.</p> <p>Wambo provided a Material Safety Data Sheet (MSDS) for the drilling fluid used, Australian Mud Penetrol Xtra. GSSE's review of the MSDS provided by Wambo showed that it did not specifically state that it was biodegradable. However, United provided a MSDS for the same product from the manufacturer. GSSE's review of the Australian Mud Company Ltd MSDS verified that the Penetrol Xtra is biodegradable.</p> <p>GSSE is satisfied that Wambo are complying with this Condition.</p> <p>(f) Wambo advised GSSE during the site inspections on 27 and 28 September 2011 that there had been no soil contamination, and no spillages were observed during the inspections on the drill rig(s). GSSE are satisfied that Wambo understand this Condition.</p> <p>(g) See Condition 28(a) for detail.</p>	<p>Penetrol Xtra is biodegradable. Therefore, GSSE consider that United are complying with this Condition.</p> <p>(f) United advised that there has been no soil contamination by chemicals, oils and fuels, or drilling mud or drill core containing toxic metals. No spillages were observed during the inspections of the drill rigs.</p> <p>In addition, GSSE's review of United's REF's dated December 2011 and June 2011 showed that they have a procedure for managing contaminated soil. GSSE are satisfied that United are complying with this Condition.</p> <p>(g) See Condition 28(a) for detail.</p>		
21	<p><i>Transmission Lines, Communication Lines, Pipelines and other Public Utilities</i></p> <p>(a) Operations must not interfere with or impair the stability or efficiency if 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.</p> <p>(b) If the operation in any way impact 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.</p>	<p>(a) Wambo advised GSSE that there are no major transmission lines located within A444 and that no transmission line, communication line, pipeline or any other public utility was interfered with.</p> <p>Wambo also advised GSSE that the ESP process triggers a Dial Before You Dig enquiry. However, GSSE's reviewed of a number of ESPs that showed the pre clearance survey was not required.</p> <p>GSSE consider that Wambo are generally complying with the Condition.</p> <p>(b) Wambo advised GSSE that no utilities have been impacted. GSSE were unable to verify this during the inspection, however, are satisfied that Wambo understand this Condition.</p>	<p>(a) United advised GSSE that there are no major transmission lines located within A444 and that no transmission line, communication line, pipeline or any other public utility was interfered with.</p> <p>United have advised that exploration operations are only being undertaken on Wambo's land and are undertaken in accordance with Wambo's ESP process. Therefore, GSSE consider that United are complying with this Condition.</p> <p>(b) United advised GSSE that no utilities have been impacted. GSSE were unable to verify this during the site inspection, however, are satisfied that United understand this Condition.</p>	C	Nil
22	<p><i>Public and Private Property</i></p> <p>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.</p>	<p>Wambo advised GSSE that the Department has not issued any instructions in connection with minimising or preventing public inconvenience or damage to public or private property. GSSE is satisfied that Wambo understand this Condition.</p>	<p>United advised GSSE that all exploration operations within A444 are on Wambo owned land and that no exploration operations are being undertaken on any other private land.</p> <p>United has also advised GSSE that the Department has not issued any instructions in connection with minimising or preventing public inconvenience or damage to public or private property. GSSE is satisfied that United understand this Condition.</p>	C	Nil

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23	<p>Drilling</p> <p>(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 Environment and Climate Regional Hydrologist of the intention to drill exploratory drill hole together with information on the nature and location of the proposed holes.</p> <p>(b) If the licence holder drills exploratory holes he must satisfy the Department that during and after the activity:</p> <ol style="list-style-type: none"> all holes cored or otherwise are constructed and/or sealed to prevent the collapse of the surrounding surface; if any drill hole meets natural or noxious gases it is plugged or sealed to prevent their escape; if any drill hole meets and 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; 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; 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 Guideline for Fresh and Marine Water Quality Guidelines" so as to meet the environmental values of the receiving Climate; once any drill hole ceases to be used the land and its immediate vicinity is to be rehabilitated to its former condition; activities undertaken in regard to this Condition must be included in reports prepared in accordance with Condition 28 (a). 	<p>(a) All exploration operations undertaken by Wambo have been considered by Wambo to be Category 1. Therefore, no notification has been made under Condition 2 of the licence.</p> <p>(b)</p> <ol style="list-style-type: none"> Wambo provided grouting sheets for GSSE's review to verify that bore holes had been sealed. In addition, during GSSE's site inspection on 28 September 2011 all drill holes were observed to be sealed. Therefore, GSSE is satisfied that Wambo are complying with this Condition. Wambo advised that natural or noxious gases had not been encountered during drilling. GSSE were unable to verify this, however, all completed holes were observed to be grouted. GSSE consider that Wambo are complying with this Condition. Wambo advised that artesian or sub-artesian flow has not been encountered during drilling. GSSE were unable to verify this, however, are satisfied that Wambo understand this Condition. End of hole reports included calculations on the amount of grout required. GSSE is satisfied that the holes are being grouted to seal between aquifers. Wambo advised that on one occasion a potentially hazardous tool was dropped and the Regional Inspector of Mines was verbally advised. Wambo subsequently retrieved the tool. GSSE are satisfied that Wambo understand this Condition. Wambo advised that there has been no water that has flowed from an exploration bore hole that was not directed to a sump. This was observed during the site inspections. GSSE were unable to verify this, however, are satisfied that Wambo understand this Condition. Schedule 2b – Rehabilitation Protocol of Wambo's ESP was provided for GSSE's review. This outlines the procedure for rehabilitation of drill sites. <p>During GSSE's site inspection of 28 September 2011 a number of drill sites in the process of being rehabilitated were inspected. GSSE are satisfied that Wambo are complying with this condition.</p> <p>vii. See Condition 28(a) for detail.</p>	<p>(a) GSSE cited a letter from United to Fergus Hancock, Regional Hydrologist, Department of Environment and Climate Change dated 16 March 2011 providing formal notification of the continuation of drilling activities. The letter states that a copy of the Review of Environmental Factors was attached and outlined the borehole locations. GSSE are satisfied that United are complying with this Condition.</p> <p>(b)</p> <ol style="list-style-type: none"> United provided grouting sheets for GSSE's review to verify that bore holes had been sealed. In addition, during GSSE's site inspection on 27 and 28 September 2011 all drill holes were observed to be sealed. Therefore, GSSE is satisfied that United are complying with this Condition. United advised that natural or noxious gases had not been encountered during drilling. GSSE were unable to verify this, however, are satisfied that United are complying with this Condition. All completed holes observed during the site inspection were capped and grouted. The exception being a series of holes that were un-grouted (but capped) as they were being used for vibrating wire piezos (monitoring purposes). <p>United advised that artesian or sub-artesian flow has not been encountered during drilling. GSSE were unable to verify this, however, are satisfied that United understand this Condition. GSSE is satisfied that the holes are being grouted to seal between aquifers.</p> <p>iii. United advised GSSE that no potentially hazardous tools or logging equipment have been dropped. GSSE are satisfied that United understand this Condition.</p> <p>iv. United advised that there has been no water that has flowed from an exploration bore hole. GSSE were unable to verify this, however, are satisfied that United understand this Condition.</p> <p>v. United's REF's dated December 2010 and June 2011 outline the rehabilitation to be undertaken. Also as United's exploration activities are being undertaken on Wambo's land they are also undertaken in accordance with Wambo's ESP. Schedule 2b – Rehabilitation Protocol of Wambo's ESP was provided for GSSE's review. This also outlines the procedure for rehabilitation of drill sites.</p> <p>During GSSE's site inspection of 27 and 28 September 2011 a number of drill sites in the process of being rehabilitated were inspected. GSSE are satisfied that United are complying with this condition.</p> <p>vi. See Condition 28(a) for detail</p>	C	<p>GSSE understands that the requirement to report 28 days prior the commencement of the drilling operations to the DEC Hydrogeologist has not been complied with. Notwithstanding, GSSE is satisfied that the drilling program had been discussed with the DPI-MR and that they were aware it was ongoing. This is seen as an administrative oversight.</p> <p>RECOMMENDATION FOR IMPROVEMENT: A compliance procedure should be developed to ensure this commitment is met going forward.</p> <div data-bbox="2190 611 2683 951" data-label="Image"> </div> <p>Capped hole being utilised for a vibrating wire piezo.</p> <div data-bbox="2190 999 2683 1356" data-label="Image"> </div> <p>Monitoring installation installed by United.</p> <div data-bbox="2190 1409 2683 1774" data-label="Image"> </div> <p>Rehabilitated drill site (over 12 months)</p>


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		Wambo Coal Pty Limited	United		
24	<i>Drilling (Additional for Group 8 and 9 Minerals)</i>				
	<p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>(a) Wambo indicated that they have not observed a blow out whilst drilling in A444. In addition, GSSE cited an email to the Department stating that they have undertaken a risk assessment in accordance with the condition. In the email Wambo advised that the gas blowout risk was determined to be low medium. Furthermore, Standard Work Procedures have been prepared in the event that gas is encountered. GSSE consider that Wambo are complying with this Condition.</p> <p>(b) Wambo advised GSSE that there have been no over-pressure gas occurrences during drilling. GSSE are satisfied that Wambo understand this Condition.</p> <p>(c) Wambo advised GSSE that the Department has not provided any direction to undertake analyses and tests on any or all coal seams intersected in drill holes. GSSE were unable to verify this, however, are satisfied that Wambo understand this Condition.</p> <p>(a) A copy if an Exploration Licence, Rehabilitation Report was provided by for GSSE's review by Wambo and United. This reported included details regarding the drill site number, easting and northing, sealing date, sealing documents and a brief description of the rehabilitation works undertaken.</p>	<p>(a) United provided a letter sent to the Inspector of Coal Mines regarding an incident involving the partial ejection of a core barrel. This included a document titled "Surface Drilling Gas Pressure Trigger Action Response Plan", a Tool Box Talk titled "Surface Drilling Gas Pressure Action Response Plan" and a risk assessment summary.</p> <p>Mitigation measures recommended by United include the use of a wireline stripper (or similar) on bore holes considered likely to intersect fault structures and the implementation of a TARP.</p> <p>GSSE consider that United are complying with this Condition.</p> <p>(b) United advised GSSE that there have been no over-pressure gas occurrences during drilling. GSSE were unable to verify this, however, are satisfied that United understand this Condition.</p> <p>(c) United advised GSSE that the Department has not provided any direction to undertake analyses and tests on any or all coal seams intersected in drill holes. GSSE were unable to verify this, however, are satisfied that United understand this Condition.</p> <p>(d) A copy of an Exploration Licence, Rehabilitation Report was provided by for GSSE's review by Wambo and United. This report included details regarding the drill site number, easting and northing, sealing date, sealing documents and a brief description of the rehabilitation works undertaken.</p>	C	 <p>A rehabilitated drill site.</p>
26	<p><i>Maintenance of Open Drillholes</i></p> <p>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.</p>	<p>Wambo have advised that no drill holes have been left in an open condition. During GSSE's site inspection of 28 September 2011 all completed drill sites were observed to be sealed.</p> <p>The ESP's provided by Wambo for GSSE's review also require that boreholes are appropriately capped. Therefore, GSSE is satisfied that Wambo are complying with this Condition.</p>	<p>As previously discussed United's exploration activities are being undertaken on Wambo's land and are undertaken in accordance with United's REF's and Wambo's ESP. Also, United have advised GSSE that no drill holes have been left in an open condition.</p> <p>This was verified during GSSE's site inspections of 27 and 28 September 2011 as all completed drill sites were observed to be sealed. Therefore, GSSE is satisfied that United are complying with this Condition.</p> <p>United has a small number of drill holes left open (but capped with monitoring equipment installed) – See condition 23 above.</p>	C	 <p>Monitoring installation installed by United.</p>



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27	<p><i>Rehabilitation of Land</i></p> <p>(a) Land disturbed must be rehabilitated to a stable and permanent form suitable for a subsequent land use acceptable to the Department so that;</p> <ul style="list-style-type: none"> i. there is no adverse environmental effect outside the disturbed areas 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 have 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. <p>(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.</p> <p>(c) Any shafts, drill holes and excavations, that remain abandoned from the 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.</p> <p>(d) All rehabilitation of disturbed areas should be completed before the expiry of the licence or immediately following termination of the licence.</p> <p>(e) Activities undertaken in regard to this Condition must be included in reports prepared in accordance with Condition 28 (a).</p>	<p>(a) GSSE have reviewed Wambo's ESP procedure and found that it requires rehabilitation of drill sites. In particular, Section 5 – Rehabilitation Compliance Report provides a checklist for rehabilitation.</p> <ul style="list-style-type: none"> i. During GSSE's site inspection of 28 September 2011 a number of Wambo drill sites that are being rehabilitated were inspected. GSSE found that there was no adverse environmental impact outside the disturbed areas and the land is properly drained and protected from soil erosion. GSSE is satisfied the Wambo are complying with this Condition. <p>GSSE's review of Wambo's ESP process found that it does not specifically address the final drainage and erosion protection other than provide some generic information. The process would be improved if detail specific to each of the sites was included providing some more direction.</p> <ul style="list-style-type: none"> ii. GSSE's review of Wambo's ESP process found that the revegetation on Wambo's land will be undertaken using a standard seed mix. For rehabilitation on private land the landowner will be consulted. In addition, Schedule 5 – Rehabilitation Compliance Report of the ESP requires that the landowner should be consulted to determine if they are satisfied with the rehabilitation. <p>During the site inspection on 28 September 2011, GSSE found that the sites being rehabilitated were generally consistent with the surrounding land. Therefore, GSSE is satisfied that Wambo are complying with this Condition.</p> <ul style="list-style-type: none"> iii. During the site inspection of 28 September 2011 GSSE found that the drill sites being rehabilitated required some additional maintenance, with one site showing evidence of slumping (considered minor) and almost all sites having substantial weed infestations. <ul style="list-style-type: none"> iv. GSSE's review of Wambo's ESP process found that in some cases did not specifically include sufficient information required to address the re-establishment of native vegetation. However, during the site inspection on 28 September 2011 GSSE observed that the re-establishment of vegetation was appropriate to the areas being rehabilitated. <p>GSSE is satisfied that Wambo are complying with this Condition.</p> <ul style="list-style-type: none"> v. Wambo's ESP procedure requires drill holes to be capped and sumps to be backfilled. GSSE's site inspection on 28 September 2011 found all former drill holes had been capped and the sumps backfilled. GSSE is satisfied that Wambo are 	<ul style="list-style-type: none"> (a) GSSE have reviewed United's REF's dated December 2010 and June 2011. It is stated in the REF's that drill sites will be remediated to a stable and permanent form suitable for a subsequent land use. i. During GSSE's site inspections of 27 and 28 September 2011 a number of United's drill sites that are being rehabilitated were inspected. GSSE found that there was no adverse environmental impact outside the disturbed areas and the land is properly drained and protected from soil erosion. GSSE is satisfied that United are complying with this Condition. ii. GSSE's review of United's REF's found that they do not specifically discuss returning rehabilitated drill sites to a condition compatible with the surrounding land and land use requirements. However, GSSE's site inspections of 27 and 28 September 2011 found that drill sites in the process of being rehabilitated were generally compatible with the surrounding land although the presence of weeds on most rehabilitated sites was observed. iii. GSSE's review of United's REF's found that they do not specifically state that the landforms, soils, hydrology and flora of the rehabilitated drill site will require no greater maintenance than that in or on the surrounding land. However, during the site inspection of 28 September 2011 GSSE found that the drill sites being rehabilitated required some additional maintenance, with one site showing evidence of slumping (considered minor) and almost all sites having substantial weed infestations. iv. GSSE's review of United's REF's dated December 2010 and June 2011 showed that United propose to use native species for revegetation that are of local provenance. Furthermore, areas of threatened ecological communities will not be reseeded to prevent the introduction of non-endemic species. Instead seeds present within the topsoil and from the surrounding area will be allowed to naturally regenerate the area. GSSE is satisfied that United are complying with this Condition. v. GSSE's review of United's REF's dated December 2010 and June 2011 found that they do not discuss rehabilitating drill sites so that the land does not pose a threat to public safety. However, GSSE's site inspections of 27 and 28 September 2011 found that drill sites in the process of being rehabilitated would not present a threat to public safety. GSSE is satisfied that United are complying with this Condition. <p>(b) GSSE's review of United's REF's dated December 2010 and June 2011 found that it is noted that top soil</p>	<p>NC2</p>	<p>There appeared to be a lack of maintenance of rehabilitated drill sites. The reshaping and initial rehabilitation was considered to be of a high standard, however almost all sites were observed to have weeds and one site had slumped.</p> <p>The required follow up and maintenance works should be routinely undertaken following rehabilitation prior to sign off by the land holder.</p> <p>Weed controls program on all rehabilitated sites need to be undertaken immediately to control the weeds that have germinated this spring. The sites were slumping has occurred (considered minor) needs to be levelled or backfilled and the site routinely monitored until it is signed off by the landholder.</p>  <p>Weeds that have germinated on a rehabilitated drill site</p> <p>Ongoing maintenance works are required on a number of the sites to ensure the success of the revegetation. This should include the addition of an ameliorant (gypsum) or the use of imported topsoil, and follow up seeding.</p>  <p>Example of a site that could be improved by the addition of topsoil and reseeded.</p>

Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC/NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
		<p>complying with this Condition.</p> <p>(b) It is stated in Wambo's ESP document that while excavating sumps the top soil is to be removed and set aside separately from the underlying soil. GSSE's site inspection on 28 September 2011 included inspection of an active drill site.</p> <p>GSSE observed that the top soil was stockpiled separately. Wambo also advised that following completion of the drill hole the top soil would be replaced. GSSE were not able to verify this, however, were satisfied that Wambo's operations were consistent with this Condition.</p> <p>Despite what was stated and observed at the active drill site, GSSE observed a number of rehabilitated sites where topsoil had not been used and the success of the revegetation was considered poor.</p> <p>(c) Wambo advised GSSE that there were no shafts, drill holes and excavations from previous mining or exploration that have been opened or used by Wambo during the exploration operations. GSSE were unable to verify this, however, are satisfied that all drill holes have capped and are being rehabilitated. GSSE is satisfied that Wambo is complying with this Condition.</p> <p>(d) GSSE observed on-going rehabilitation during the site inspection on 28 September 2011. GSSE note that A444 was renewed on 4 October 2007 until 16 May 2011 and that a current renewal application has been made, but at the time of the audit had not been granted.</p> <p>Wambo and United provided a copy of the Renewal Justification Statement dated 23 March 2011 for GSSE's review.</p> <p>As Wambo and United have not notified the Department of the termination of A444, Wambo and United consider that until advice from the Department is received the exploration licence has not expired. Therefore, Wambo are complying with this Condition. Notwithstanding GSSE cited a 6 monthly report submitted to the Department that included some information related to the rehabilitation of the sites.</p> <p>(e) See Condition 28(a) for detail</p>	<p>will be stockpiled separately from other soil and used for rehabilitation.</p> <p>GSSE's inspection of an active drill site on 27 September 2011 verified that the top soil was stockpiled separately. GSSE is satisfied that United are complying with this Condition.</p> <p>Despite what was stated and observed at the active drill site, GSSE observed a number of rehabilitated sites where topsoil had not been used and the success of the revegetation was considered poor.</p> <p>(c) United advised GSSE that there were no shafts, drill holes and excavations from previous mining or exploration that have been opened or used by United during the exploration operations. GSSE were unable to verify this however, are satisfied that all drill holes have capped and are being rehabilitated. GSSE is satisfied that United is complying with this Condition.</p> <p>(d) GSSE observed on-going rehabilitation during the site inspections on 27 and 28 September 2011. GSSE note that A444 was renewed on 4 October 2007 until 16 May 2011.</p> <p>Wambo and United provided a copy of the Renewal Justification Statement dated 23 March 2011 for GSSE's review.</p> <p>As Wambo and United have not notified the Department of the termination of A444, GSSE consider that until advice from the Department is received the lease has not expired. Therefore, United are complying with this Condition. Notwithstanding GSSE cited a 6 monthly report submitted to the Department that included some information related to the rehabilitation of the sites.</p> <p>(e) See Condition 28(a) for detail.</p>		 <p>An area that had subsided and required backfilling or levelling (considered minor)</p> <p>RECOMMENDATION FOR IMPROVEMENT: It is recommended that by the end of 2011 Wambo and United should undertake a review of all drill sites in the process of rehabilitation and prepare a corrective action plan and a schedule of works. This should include a maintenance and monitoring program to ensure the rehabilitation of all drill sites to a satisfactory standard and timeframe.</p> <p>RECOMMENDATION FOR IMPROVEMENT: A summary of the works should be provided to the Department within six months.</p>
28	<p><i>Environmental Reporting</i></p> <p>(a) An Environmental and Rehabilitation Report must be submitted to the Department as follows;</p> <p>i. The reports must be prepared according to Department Guidelines for environmental and rehabilitation reporting on exploration licences.</p> <p>ii. The reports must be lodged within one</p>	<p>(a)</p> <p>i. noted</p> <p>ii. GSSE cited a Rehabilitation Report submitted by Wambo and United dated 14 April 2011. However, Wambo consider that the EL has not expired or been terminated, see Condition 27(d) above. Therefore, GSSE are satisfied that Wambo have complied with this Condition.</p>	<p>(a)</p> <p>i. noted</p> <p>ii. GSSE cited a Rehabilitation Report submitted by Wambo and United dated 14 April 2011. However, United consider that the EL has not expired or been terminated, see Condition 27(d) above. Therefore, GSSE are satisfied that United have complied with this Condition.</p>	C	Nil

Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC/NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
	<p>month of expiry or earlier termination of the licence or whenever part of the licence ceases to have effect.</p> <p>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 area 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.</p> <p>(b) An Incident and Complaints Report must be submitted to the Department as follows;</p> <p>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 complain from landholders or the public.</p> <p>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.</p> <p>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).</p> <p>(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.</p>	<p>iii. GSSE cited a letter from Department Resources & Energy dated 26 September 2011 acknowledging receipt of the Rehabilitation Report. The letter does not specifically state that the Rehabilitation Report is prepared to the satisfaction of the Department, however, they have not provided any comments for improvement. Therefore, GSSE are satisfied that Wambo have complied with this Condition.</p> <p>(b) Wambo have advised GSSE that there have been no incidents or complaints; therefore, a report has not been submitted.</p> <p>i. See above.</p> <p>ii. See above.</p> <p>iii. See above.</p> <p>(c) Wambo advised that they have not received any direction from the Department requiring additional environmental reports. GSSE were unable to verify this during the audit, however, are satisfied that Wambo are complying with this Condition.</p>	<p>iii. GSSE cited a letter from Department Resources & Energy dated 26 September 2011 acknowledging receipt of the Rehabilitation Report. The letter does not specifically state that the Rehabilitation Report is prepared to the satisfaction of the Department, however, they have not provided any comments for improvement.</p> <p>This letter noted that it is acceptable to the Department to receive collated information for rehabilitated drill sites on a six monthly basis rather than reports for individual boreholes. It is noted that this condition relates to United's REF's and is therefore not considered to apply to Wambo.</p> <p>GSSE are satisfied that United have complied with this Condition.</p> <p>(b) United have advised GSSE that there have been no incidents or complaints; therefore, a report has not been submitted.</p> <p>iv. See above.</p> <p>v. See above.</p> <p>vi. See above.</p> <p>(c) United advised that they have not received any direction from the Department requiring additional environmental reports. GSSE were unable to verify this during the audit, however, are satisfied that United are complying with this Condition.</p>		
29	<p>Security</p> <p>(a) A security in the sum of \$50,000 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.</p> <p>(b) The licence holder must provide the security required by paragraph (a) in one of the following forms:</p> <ul style="list-style-type: none"> • cash, or • a security certificate in a form approved by the Minister and issued by an authorised deposit-taking institution. 	<p>(a) Wambo and United advised that there was a commercial agreement between the two companies and they had each paid half of the original security of \$50,000. However, GSSE cited a letter to United from the Department of Industry & Investment dated 24 January 2011 advising that the security required has increased from \$50,000 to \$150,000.</p> <p>United advised GSSE that Xstrata Coal Pty Limited on behalf of United and CFMEU provided the additional \$100,000 security. A Security Certificate dated 15 February 2011 was provided for GSSE's review by United to verify this Condition.</p> <p>(b) See above.</p>		C	Nil

Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC /NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
32	<p><i>Failure to Fulfil Obligations</i></p> <p>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:</p> <p>(a) any condition or provision of the licence;</p> <p>(b) any condition of a consent or approval given pursuant to the Act or the licence;</p> <p>(c) any provision of the Act or regulations made thereunder; or</p> <p>(d) any direction or other instruction given by the Department pursuant to paragraphs (a) - (c) above.</p>	Noted	Noted	NA	This condition has not come into effect.
SECTION D GENERAL CONDITIONS					
33	<p><i>Control of Operations</i></p> <p>(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:</p> <ul style="list-style-type: none"> • cease all prospecting operations and other activities authorised by the licence; or • cease those prospecting operations and other activities not complying; <p>until in the opinion of the Department the situation has been corrected.</p> <p>(b) The licence holder must comply with any direction given under this Condition.</p>	Noted	Noted	NA	This condition has not come into effect.
34	<p><i>Landholder Liaison Program (Group 9 Minerals)</i></p> <p>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.</p>	<p>Wambo advised GSSE that they have an active community consultative committee that facilitates the transfer of information from Wambo to the community. GSSE cited presentations given by Wambo at the community consultative committee meetings of 24 March, 18 October and 18 November 2010 and 29 March 2011.</p> <p>Wambo also provided Community and Environment newsletters dated April 2009, December 2009 and February 2010. GSSE note that the presentations and newsletters refer to a number of Wambo's operations including exploration in A444.</p> <p>GSSE also reviewed minutes from the community consultative committee meeting of 26 July 2011 on Wambo's website.</p> <p>GSSE has cited a "<i>Land Access and Compensation Agreement</i>" between Wambo and RJ and CC Ball. GSSE is satisfied that Wambo are complying with this Condition.</p>	<p>United provided a copy of the minutes of United's Community Consultative Committee meeting of 8 March, 21 December 2010 and a copy of "<i>United News</i>" dated January 2011 for GSSE's review. As previously discussed all of United's exploration opportunities have been undertaken on Wambo's property. GSSE is satisfied that United are complying with this Condition.</p>	C	Nil

Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC /NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
36	<p>Safety of Operations</p> <p>(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.</p> <p>(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.</p> <p>(c) The measures put in place to control hazards must comply with the <i>Mines Inspection Act 1901</i> and the <i>Mines Inspection Act 1901 General Rule 2000</i>. These measures include, but are not limited to, the development of a Safety Management Plan prepared according to Departmental guidelines.</p> <p>(d) Operations must be carried out and supervised in a manner that ensures the safety of all employees and contractors.</p>	<p>(a) GSSE cited an email from Wambo to the Department dated 17 March 2011 advising that drilling operations had commenced. It also states in the email that the drilling operations have been on-going for sometime. Notwithstanding this GSSE are satisfied that the Department is aware of the exploration activities being undertaken by Wambo. GSSE are satisfied that Wambo are generally complying with this Condition.</p> <p>(b) During GSSE's site inspection of 28 September 2011 it was observed that the exploration operations were being undertaken in a manner that ensures the safety of landholders and members of the public, stock and wildlife in the vicinity of the operations. This included fencing active drill sites and signage of the activities being undertaken. In addition, GSSE observed that the drill sites in the process of being rehabilitated would not present a safety risk to landholders and members of the public, stock and wildlife. GSSE is satisfied that Wambo are complying with this Condition.</p> <p>(c) GSSE cited an email from Wambo's Technical Service Manager dated 30 September 2011 stating that all exploration activities were undertaken in accordance with the <i>Wambo Coal Health and Safety Management System</i>. In view of this GSSE consider that Wambo are complying with this Condition.</p> <p>(d) Noted – see above</p>	<p>(a) United advised that all exploration works have been undertaken in accordance with either a Surface Disturbance Notice or a REF. All of these documents have been submitted to the Department for approval prior to exploration works commencing.</p> <p>GSSE also cited "NSW South Wales – Coal Mine's Inspectorate No. 01279" for two drill sites within A444. Therefore, GSSE is satisfied that the Department is aware of the exploration activities being undertaken by United. GSSE are satisfied that United are generally complying with this Condition.</p> <p>(b) During GSSE's site inspection of 27 and 28 September 2011 it was observed that the exploration operations were being undertaken in a manner that ensures the safety of landholders and members of the public, stock and wildlife in the vicinity of the operations. This included fencing active drill sites and signage of the activities being undertaken. In addition, GSSE observed that the drill sites in the process of being rehabilitated would not present a safety risk to landholders and members of the public, stock and wildlife. GSSE is satisfied that United are complying with this Condition.</p> <p>(c) GSSE cited a letter from the United Complex Manager dated 4 October 2011 stating that all exploration operations are undertaken in accordance with the <i>United Collieries Health and Safety Management System</i>. In view of this GSSE consider that United are complying with this Condition.</p> <p>(d) Noted – see above</p>	C	Nil
38	<p>Core Samples (For Group 8 and 9 Minerals)</p> <p>(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.</p> <p>(b) The licence holder must, if using non core drilling methods, retain representative cuttings of every three (3) metres of the 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.</p> <p>(c) Cores and sampled labelled and stored as required under (a) or (b) shall at all times be available for examination by the Manager Coal Advice of the Department.</p> <p>(d) Portions of cores or samples labelled and stored as required under (a) or (b) may be taken by the Manager Coal Advice referred to in subsection (c) for the purpose of analysis or other examination.</p> <p>(e) Any information obtained by any person as</p>	<p>(a) On 28 September 2011 GSSE inspected Wambo's current core storage facility and their proposed new storage shed (recently purchased but not in use at the time of the audit). GSSE was able to verify that the core samples collected were labelled and properly stored. GSSE consider that Wambo are complying with this Condition.</p> <p>(b) Wambo advised that they keep cuttings for every 1 m interval. GSSE observed this whilst inspection the Wambo core lay down area.</p> <p>(c) GSSE is satisfied that the core is accessible, labelled and stored such that it could be inspected</p> <p>(d) GSSE is satisfied that the requirements of this condition are being met.</p> <p>(e) Noted.</p> <p>(f) Wambo advised that it had not disposed of any of the cores or samples collected during the exploration activities. However, GSSE is satisfied that Wambo understand this condition.</p>	<p>(a) On 28 September 2011 GSSE inspected United's core storage facility. GSSE was able to verify that the core samples collected were labelled and properly stored. GSSE consider that United are complying with this Condition.</p> <p>(b) GSSE observed this whilst inspecting the United Core Shed.</p> <p>(c) GSSE is satisfied that the core is accessible, labelled and stored such that it could be inspected</p> <p>(d) GSSE is satisfied that the requirements of this condition are being met.</p> <p>(e) Noted.</p> <p>(f) United advised that it had not disposed of any of the cores or samples collected during the exploration activities. However, GSSE is satisfied that United understand this condition.</p> <p>(g) Noted.</p>	C	 <p>Wambo temporary core lay down area.</p>

Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC /NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
	<p>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.</p> <p>(f) If a person who has obtained cores or samples in the course of drilling any boreholes proposes to dispose of the cores or samples:</p> <ol style="list-style-type: none"> the person shall advise the Manager Coal Advice in writing, and the Manager Coal Advice may take possession of the cores and samples within 28 days after being given the notice. <p>(g) This section does not apply to boreholes or sections of boreholes sunk in surface gravel or alluvial ground.</p>	(g) Noted.			 <p>Cuttings stored in smaller containers</p>  <p>United core shed – racks of core</p>
SECTION E EXPLORATION PERFORMANCE AND REPORTING CONDITIONS					
41	<p><i>Completion of Exploration Program</i></p> <p>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.</p>	Wambo and United provided a copy of the Renewal Justification Statement dated 23 March 2011 for GSSE's review. At the time of the audit GSSE understands that they had not received any notification back from the Department in relation to the renewal application.		C	Nil
42	<p><i>Technical Management of Exploration</i></p> <p>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.</p>	<p>Wambo and United have advised that Mr Bryan Atkins has been the Technical Manager nominated in the licence since its inception.</p> <p>GSSE is satisfied that Wambo and United have demonstrated an effective communication strategy between the two organisations and are satisfied that Bryan is aware of all exploration drilling activities undertaken within A444.</p>		C	Nil
44	<p><i>Exploration Reports (For Group 8 and 9 Minerals)</i></p> <p>The licence holder must lodge reports to the satisfaction of the Department detailing the</p>	(a) GSSE were also provided with copies of three Exploration Reports prepared for Wambo and United for the periods 16 November 2009 to 15 May 2010, 16 May 2010 to 15 November 2010 and 16 November 2010 to 15 May 2011. GSSE also cited confirmation emails dated 16 December 2010 and 24 January and 16 June 2011, indicating that the reports had been lodged.		C	Nil

Exploration Licence Conditions 2004 – Authorisation 444				
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC /NA
		Wambo Coal Pty Limited	United	
	<p>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:</p> <p>(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:</p> <ul style="list-style-type: none"> a brief summary of prospecting operations carried out, including expenditure thereon, during the 6 month period; and the results and conclusions of all surveys and other operations; and the proposed exploration to be conducted during the following 6 month period. <p>(b) Application for Renewal Report must accompany any application for renewal of the licence and contain a comprehensive report of:</p> <ul style="list-style-type: none"> prospecting operations carried out, including expenditure thereon, during the current term of the licence; and the results of the prospecting operations and the conclusions reached as to the coal resources potential of the licence area. <p>(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.</p> <p>(d) A Final Report must be lodged on the expiry or earlier termination of the licence and must contain:</p> <ul style="list-style-type: none"> 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 the results of the surveys and operations and the conclusions reached by the licence holders as to the coal resources potential of the licence area; and if detailed data has been provided 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. <p>(e) Additional Reports on surveys or other operations maybe required from time to time and must be lodged as instructed.</p>	<p>GSSE have reviewed the three Exploration Reports provided and verified that they contained a brief description of the works undertaken in the preceding six months and the proposed exploration to be conducted in the following 6 month period.</p> <p>(b) A copy of the report titled “<i>Wambo Coal Pty Ltd and CFMEU, Authorisation 444 (A444), Renewal Justification Statement</i>” dated 23 March 2011 was provided by Wambo and United for GSSE’s review. GSSE have reviewed this document and found that it complies with this Condition, as it contains a description of the operations and expenditure during the current term of the licence and a brief description of the results of the exploration operations. It is also concluded in the report that significant open cut and underground resources have been identified.</p> <p>(c) Wambo and United have advised that no airborne geophysical surveys have been undertaken. GSSE are satisfied that Wambo and United understand this condition.</p> <p>(d) GSSE understand that a Final Report has not been submitted as Wambo and United consider that the licence has not expired or been terminated. It is noted that the Licence was renewed on 4 October 2007 until 16 May 2011. However, a request to renew the Licence has been submitted to the Department and Wambo and United have yet to be advised if the Licence is to be renewed.</p> <p>(e) Wambo and United have advised that they have not received any request to submit additional reports. GSSE are satisfied that Wambo and United understand this condition.</p>		

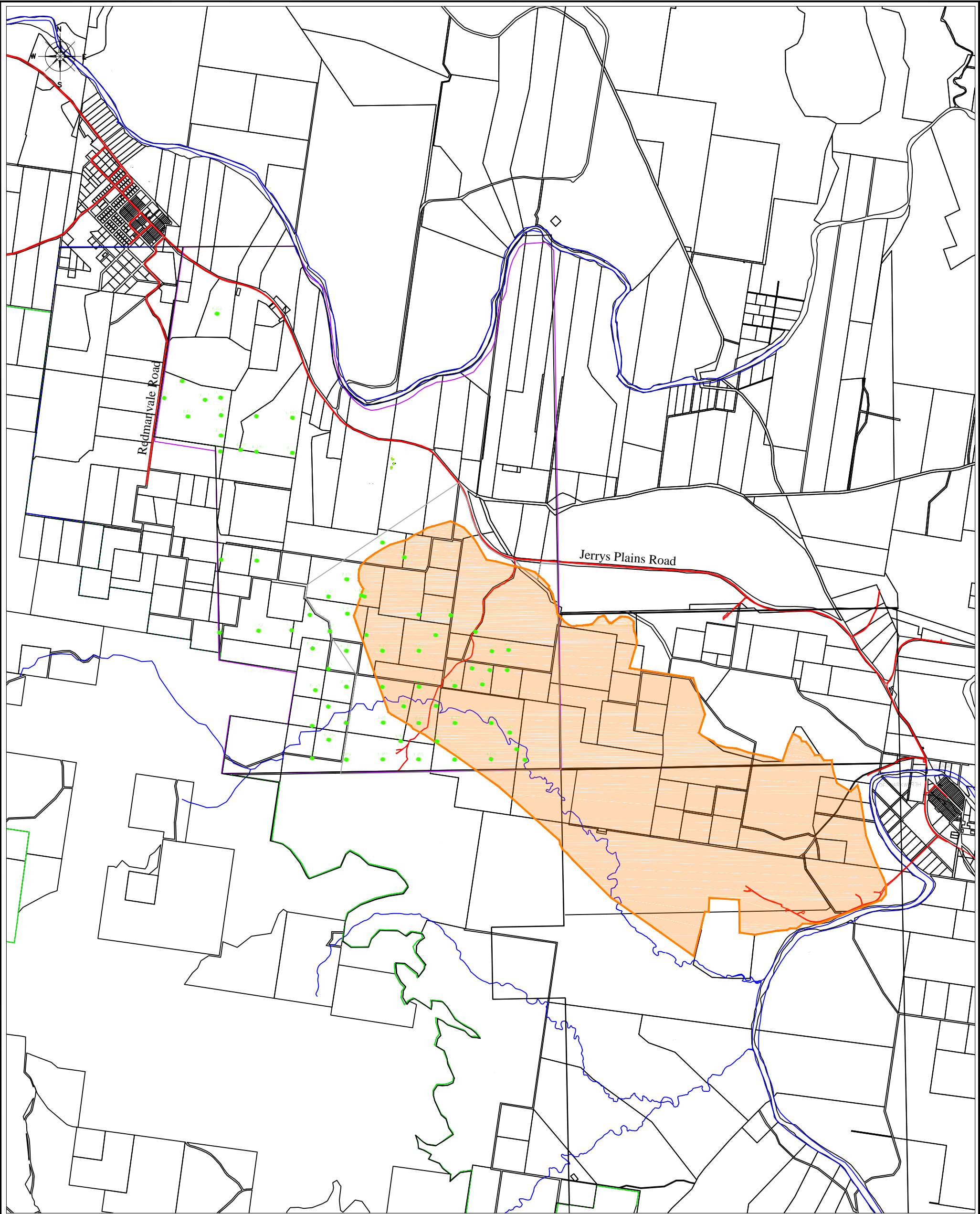
Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC /NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
45	<p><i>Confidentiality of Reports</i></p> <p>(a) All exploration reports lodged in accordance with the conditions of this licence will be kept confidential while the licence is in force, except in cases where:</p> <ul style="list-style-type: none"> the licence holder has agreed that specified reports may be made non-confidential. reports deal with exploration conducted exclusively on areas that have ceased to be part of the licence. <p>(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.</p> <p>(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.</p> <p>(d) The Department may extend the period of confidentiality.</p>	Noted	Noted	N/A	
46	<p><i>Licence to Use Reports</i></p> <p>(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.</p> <p>(b) The non-exclusive licence will operate as consent for the purposes of section 365 of the Act.</p>	Noted	Noted	N/A	Nil
47	<p><i>Terms of the Non-Exclusive Licence</i></p> <p>The terms of the non-exclusive copyright licence granted under Condition 46(a) are:</p> <p>(a) the Minister may sub-license others to publish, print, adapt and reproduce but not on-licence reports.</p> <p>(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.</p> <p>(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.</p> <p>(d) there is no royalty payable by the Minister for the licence.</p> <p>(e) if the licence holder has reasonable grounds to believe that the Minister has exercised his</p>	Noted	Noted	N/A	Nil

Exploration Licence Conditions 2004 – Authorisation 444					
Condition	Condition of Licence	Evidence Reviewed by GSSE to demonstrate compliance		C/O/NC /NA	Comments/ Recommendations
		Wambo Coal Pty Limited	United		
	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.				
SECTION F SPECIAL CONDITIONS					
48	<p><i>Detailed Presentation</i></p> <p>The Holder is to make a detailed presentation of their findings at the conclusion of Year 3.</p>	<p>A copy of the presentation presented by Wambo and United on 8 March 2011 to members of Coal Advice and Titles from NSW Department of Industry and Investment, Minerals Resources was cited by GSSE. In addition, the “<i>Renewal Justification Statement</i>” dated 23 March 2011 confirms that the presentation was undertaken.</p> <p>GSSE note that the presentation was not undertaken within the timeframe required, however, GSSE consider that overall compliance has been achieved.</p>		NC2	<p>RECOMMENDATION FOR IMPROVEMENT: It is recommended that Wambo and United enter all critical dates into a system that makes automatic reminders to ensure all timeframes relating to A444 are complied with.</p>
49	<p><i>Detailed Work Program</i></p> <p>A detailed work program and expenditure for further exploration be supplied to Coal Advice at the conclusion of Year 3.</p>	<p>A copy of the report titled “<i>Wambo Coal Pty Ltd and CFMEU, Authorisation 444 (A444) Renewal Justification Statement</i>” was provided by Wambo and United for GSSE’s review. This report includes a proposed work exploration program and expenditure for the next five years, including the proposed number of boreholes.</p> <p>GSSE were also provided with copies of three Exploration Reports prepared for Wambo and United for the periods 16 November 2009 to 15 May 2010, 16 May 2010 to 15 November 2010 and 16 November 2010 to 15 May 2010. GSSE’s review has confirmed that each of these reports includes a description of the proposed exploration works to be undertaken and expenditure by Wambo and United in the following six month period.</p> <p>GSSE note that a detailed work program and expenditure for further exploration was not supplied to Coal Advice at the conclusion of Year 3. However, GSSE are satisfied that Wambo and United are notifying the Department of the proposed work and expenditure for the exploration program.</p>		NC2	<p>Wambo and United have provided information regarding the proposed exploration program and expenditure.</p> <p>RECOMMENDATION FOR IMPROVEMENT: It is recommended that Wambo and United enter all critical dates into a system that makes automatic reminders to ensure all timeframes relating to A444 are complied with.</p>
50	<p><i>Reduction/Relinquishment of Area</i></p> <p>The Holder to commit to significantly reduce the area or relinquish if exploration does not delineate significant resources</p>	<p>A copy of the report titled “<i>Wambo Coal Pty Ltd and CFMEU, Authorisation 444 (A444) Renewal Justification Statement</i>” was provided by Wambo and United for GSSE’s review. It is noted that further work is required to delineate the resources and potential mining areas. Therefore, the renewal of A444 has been requested for the whole area and there is no reduction or relinquishment proposed.</p>		C	Nil

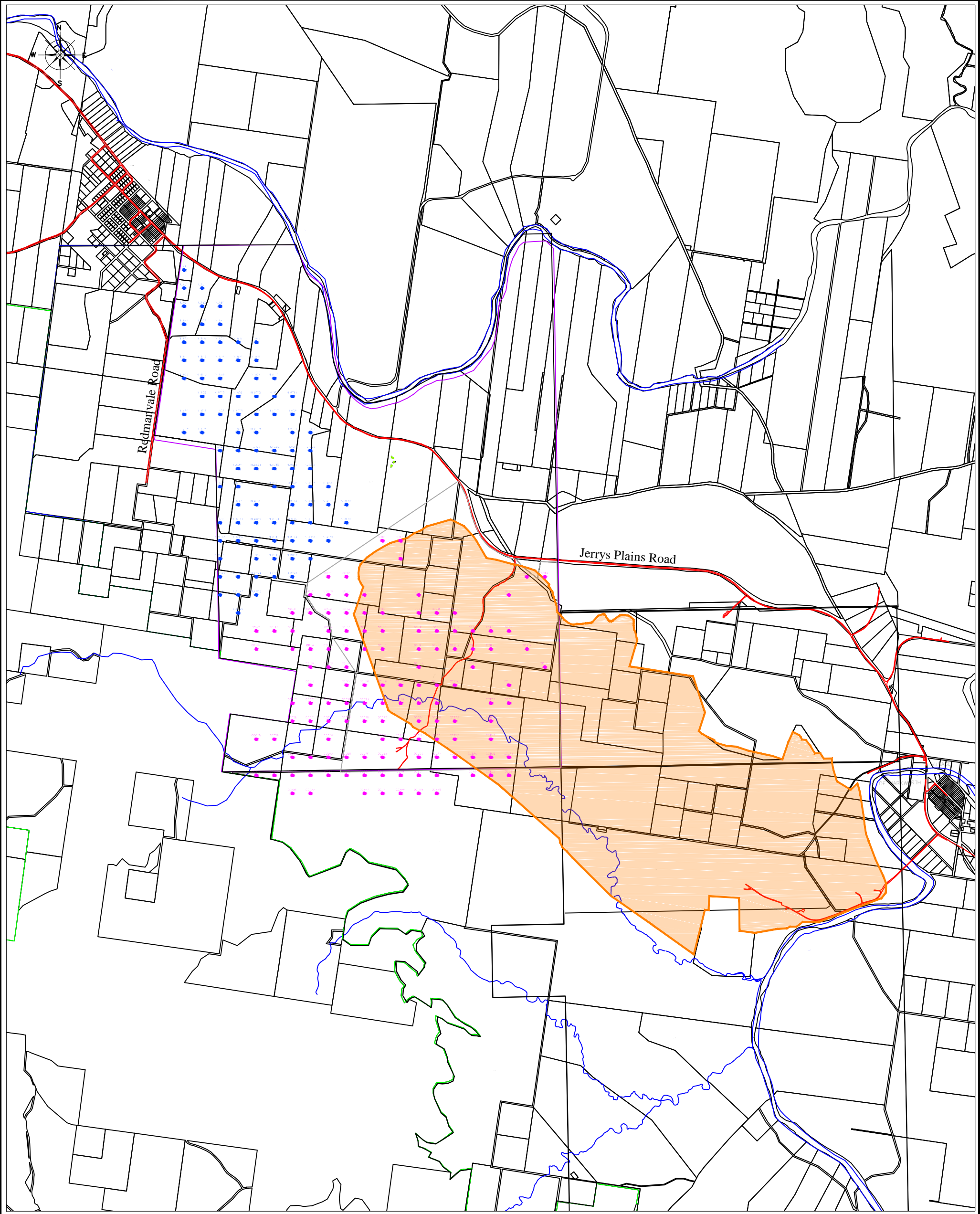


APPENDIX 9


Figures



LEGEND <div><div></div> Wambo Surface Approval Boundary</div> <div><div>WJ65</div> Bore Hole Locations</div>	<div>01km2km</div> <div>Scale 1:50000</div> <div>Base Plan Data Source:</div> <table><tr><td>Version</td><td>Date:</td><td>Author:</td><td>Checked:</td><td>Approved:</td></tr><tr><td>1</td><td>10/10/11</td><td>ZJ</td><td>LH</td><td>JW</td></tr></table>	Version	Date:	Author:	Checked:	Approved:	1	10/10/11	ZJ	LH	JW	FIGURE 1	Project: Wambo Mine
		Version	Date:	Author:	Checked:	Approved:							
		1	10/10/11	ZJ	LH	JW							
Borehole Location Site Plan	Client: Wambo Coal Pty Ltd												
<div><div>GSS</div><div>GSS ENVIRONMENTAL Environmental, Land and Project Management Consultants</div></div>		File: Fg1_PEA04-018_WamboBoreholes_111010											
		Projection: MGA94 Zone56											





LEGEND OC-01 to OC-22 Proposed OC Bore Hole Locations NLW-1 to NLW-42 Proposed NLW Bore Hole Locations Wambo Surface Approval Boundary	0 1km 2km Scale 1:50000		FIGURE 2		Project: Wambo Mine
	Base Plan Data Source:		Proposed Borehole Location Site Plan		Client: Wambo Coal Pty Ltd
	Version 1	Date: 10/10/11	Author: ZJ	Checked: LH	Approved: JW


**GSS ENVIRONMENTAL**
Environmental, Land and Project
Management Consultants

Additional Conditions for United Audit Compliance



Exploration Licence Conditions 2004 – Authorisation 444				
Condition	Condition of Licence for United	Evidence Reviewed by GSSE to Demonstrate Compliance	C/O/NC /NA	Comments/ Recommendations
GENERAL CONDITIONS – UNITED ONLY (from letter dated 23 December 2010, from Industry & Investment regarding the approval of the December 2010 REF)				
1	The works must be carried out at the location(s) and in accordance with the methods described in: <ul style="list-style-type: none"> "Review of Environmental Factors for United Collieries Exploration Program 2010-2011" date December 2010. 	United provided a copy of the December 2010 REF for GSSE's review. GSSE's review of the December 2010 REF, site inspections on 27 and 28 September 2011 and discussions with United's personal has demonstrated that United are undertaking the exploration works in accordance with the REF. In particular, GSSE are satisfied that United are generally complying with the commitments made in the REF. The one exception is that GSSE note that the sumps that were inspected in 27 September 2011 were not installed with ramped batter to assist emergency egress. It is noted that as the sumps were fenced GSSE did not consider this to be a non-compliance.	C	RECOMMENDATION FOR IMPROVEMENT: Consideration should be given to constructing sumps with ramped batters to assist emergency egress, or alternative methods should be adopted.
2	The Director, Environmental Sustainability must be informed immediately if any aspect of the works are not consistent with the activities described as presented in the Review of Environmental Factors. Except as amended by the following conditions.	GSSE has reviewed the two REF's provided by United dated December 2010 and June 2011 and consider that the exploration activities undertaken by United have been undertaken are generally consistent with the REF's. United advised during the site inspections on 27 and 28 September 2011 that the REF's were prepared prior to the due diligence process on some of the drill sites. Therefore, the drill site locations were relocated due to environmental and/or heritage objects identified in the vicinity of the proposed drill sites. GSSE consider that United are complying with this Condition.	C	
3	No works can be undertaken in areas requiring an Exempt Area Consent until one has been provided by the Department in writing. This may be obtained following the Department's receipt of a letter of agreement from the managing authority of the land in question.	See Section B Special Area Conditions, Condition 3 above.	C	
4	The titleholder must maintain access roads to any sites subject to this approval in a condition satisfactory to the Department and the landholder requirements.	See Condition 16(a) above. Also, all exploration activities undertaken by United were on land owned by Wambo. Wambo advised GSSE during the site inspections of 27 and 28 September 2011 that the roads were maintained in accordance with their requirements. Therefore, United are complying with this Condition.	C	
5	The site must be securely fences with a lockable gate and adequate signs warning of potential dangers.	United's exploration works are undertaken in accordance with the REF's and Wambo's ESPs. Section 3 – Environmental Approval of Exploration Commencement of Wambo's ESP includes a requirement for all sumps to be fenced. Also, United's REF's dated 23 December 2010 and 4 August 2011 state that drill sites will be temporarily fenced. During GSSE's inspection of an active drill site on 27 September 2011, the drill site was fenced and adequate signage was present, this included stating the activities being undertaken and the personal protection equipment that must be worn. In addition, GSSE observed dismantled fencing adjacent to a recently completed drill site during the site inspection on 27 September 2011. GSSE are satisfied that United are complying with this Condition.	C	
6	The title holder must maintain the site in a clean and tidy condition and undertake a program of ongoing environmental maintenance leading to full restoration of the site.	During the site inspections undertaken on 27 and 28 September 2011 GSSE inspected a number of drill sites that were included in the December 2010 REF that were in the process of being rehabilitated, however, there were no completed rehabilitated drill sites were available for inspection. GSSE observed that the active drill site inspected and the drill sites being rehabilitated were in a clean and tidy condition, however, that most sites were had weeds that needed to be managed. In addition a number of the sites where observed to have poor revegetation, and that these sites would benefit from some follow up topsoiling or soil amelioration and reseeding to ensure a satisfactory revegetation outcome. United's REF's which were provided to GSSE for review include a discussion of the proposed rehabilitation including "rehabilitation to a stable and permanent for suitable for a subsequent land use". The REF's also state that regular inspections will be undertaken until satisfactory rehabilitation is achieved. United advised that their Annual Rehabilitation Plan (ARP) includes the routine inspection of drill sites that are in the process of being rehabilitated. Therefore, GSSE is satisfied that United are complying with this Condition for the drill sites nominated in the December 2010 REF.	C	It is recommended that United prepare a schedule for the regular inspection of drill sites being rehabilitated to ensure that the rehabilitation is progressing and no additional activities are required to ensure rehabilitation is achieved within an appropriate time frame. There appeared to be a lack of maintenance of rehabilitated drill sites. The reshaping and initial rehabilitation was considered to be of a high standard, however almost all sites were observed to have weeds and one site had slumped (considered minor). The required follow up and maintenance works should be routinely undertaken following rehabilitation prior to sign off by the land holder. Weed controls program on all rehabilitated sites need to be undertaken immediately to control the weeds that have germinated this spring. The sites were slumping has occurred (considered minor) needs to be levelled or backfilled and the site routinely monitored until it is signed off by the landholder.

Exploration Licence Conditions 2004 – Authorisation 444				
Condition	Condition of Licence for United	Evidence Reviewed by GSSE to Demonstrate Compliance	C/O/NC /NA	Comments/ Recommendations
				 <p>Weeds that have germinated on a rehabilitated drill site</p> <p>Ongoing maintenance works are required on a number of the sites to ensure the success of the revegetation. This should include the addition of an ameliorant (gypsum) or the use of imported topsoil, and follow up seeding.</p>  <p>Example of a site that could be improved by the addition of topsoil and reseeded.</p> <p>RECOMMENDATION FOR IMPROVEMENT: It is recommended that by the end of 2011 United should undertake a review of all drill sites in the process of rehabilitation and prepare a corrective action plan and a schedule of works. This should include a maintenance and monitoring program to ensure the rehabilitation of all drill sites to a satisfactory standard and timeframe.</p> <p>RECOMMENDATION FOR IMPROVEMENT: A summary of the works should be provided to the Department within six months.</p>

Exploration Licence Conditions 2004 – Authorisation 444				
Condition	Condition of Licence for United	Evidence Reviewed by GSSE to Demonstrate Compliance	C/O/NC /NA	Comments/ Recommendations
7	All produced formation water must be collected and stored in a secure manner which prevents leakage and contamination of soil, surface water and groundwater.	During the inspection of the United drill site all sumps were observed to be managed well, they were lined with excess water being taken from the site back to the mine site via a sucker truck. No water was observed to have left the sumps and the immediate work site around the drill. GSSE is satisfied that United understand this Condition.	C	 <p>Lined sumps used at the active United drill site</p>
8	Any on-site water storage dams must be fully lined with an impermeable barrier.	United's REF dated 4 August 2011 notes that liners will be used for all sumps, GSSE's review of the REF's provided by United demonstrate that this has been updated since the REF dated December 2010 to comply with this Condition. The site inspection undertaken by GSSE on 27 September 2011 included inspecting an active drill site. GSSE verified that the sumps, or on-site water storage dams, were fully lined with an impermeable barrier. GSSE are satisfied that United are complying with this Condition.	C	See Condition 7 above
9	Any on-site water storage dams must be designed and managed to maintain sufficient freeboard to contain runoff and precipitation from a 1 in 20 year storm.	<p>United's REF's dated December 2010 and June 2011 provide a general guide for the size of the sumps depending on the type of drill hole. However, this does not specifically consider design criteria to contain runoff and precipitation from a 1 in 20 year storm.</p> <p>United advised the number and size of the sumps was determined based on the site conditions including the potential for rain events. This was verified by GSSE on 27 September 2011 during the site inspection as an additional sump had been constructed at an active drill site due to the site conditions. United advised that due to potential difficulties in gaining access for the sucker truck as the access track was steep they had constructed three sumps instead of two to ensure that any runoff or precipitation could be contained.</p> <p>GSSE note that United do not specifically consider a 1 in 20 year storm event, however, GSSE are satisfied that United understand this Condition and construct the sumps according to the individual drill site conditions and consider the potential for storms to occur.</p>	C	See Condition 7 above
10	Documentation covering the chain of custody for any off-site water disposal must be maintained and made available for inspection by the Department on request.	United advised GSSE that there is no off-site water disposal. Water from the sumps is removed using a sucker truck and transported to United's process water storage which it is collected. United did provide copies of Waste Management Reports from Theiss and JR Richards for 2011. This included the transportation of "oily water". United advised that Theiss and JR Richards have used the term "oily water" to describe the sump water, and United have asked for this to be amended in future reports as it does not accurately reflect the sump water.	C	RECOMMENDATION FOR IMPROVEMENT: Amend waste tracking documents going forward to remove any reference to "oily water".
11	All impervious liners and their contents must be removed from site and disposed of at a suitable licensed disposal site following completion of the well.	United advised GSSE that all impervious liners were removed from the sumps and taken to United's property to be dried before being disposed of as general waste. A copy of Theiss and JR Richards Waste Management Reports for 2011 were provided by United for GSSE's review, however, as the liners are disposed of as general waste they are not specifically mentioned in the reports. GSSE is satisfied that United understand this Condition.	C	Nil

Exploration Licence Conditions 2004 – Authorisation 444				
Condition	Condition of Licence for United	Evidence Reviewed by GSSE to Demonstrate Compliance	C/O/NC /NA	Comments/ Recommendations
12	A Rehabilitation Report must be provided to the Department within two months of well abandonment for all surface and underground disturbance arising from activities subject to this approval.	<p>United advised that they had not abandoned any sites and that rehabilitation activities were ongoing.</p> <p>GSSE cited a Rehabilitation Report submitted by Wambo and United dated 14 April 2011. However, United consider that the lease has not expired or been terminated, see Condition 27(d) above. Therefore, GSSE are satisfied that United have complied with this Condition.</p> <p>GSSE cited a letter from Department Resources & Energy dated 26 September 2011 acknowledging receipt of the Rehabilitation Report. The letter does not specifically state that the Rehabilitation Report is prepared to the satisfaction of the Department, however, they have not provided any comments for improvement.</p> <p>This letter noted that it is acceptable the Department to receive collated information for rehabilitated drill sites on a six monthly basis rather than reports for individual boreholes. It is noted that this condition relates to United's REF's and is therefore not considered to apply to Wambo.</p> <p>GSSE are satisfied that United have complied with this Condition.</p>	C	
GENERAL CONDITIONS – UNITED ONLY (from letter dated 4 August 2011, from Minerals & Energy Division providing approval of the June 2011 REF)				
1	The works must be carried out in accordance with the methods contained in: (a) review of Environmental Factors for United Collieries Additional Exploration Activities 2011-2012 date June 2011; and (b) conditions of this approval.	United provided a copy of the June 2011 REF for GSSE's review. GSSE's review of the June 2011 REF, site inspections on 27 and 28 September 2011 and discussions with United's personal has demonstrated that United are undertaking the exploration works in accordance with the REF. In particular, GSSE are satisfied that United are generally complying with the commitments made in the REF.	C	Nil
2	The Director, Environmental Sustainability must be informed immediately if any aspect of the works are not consistent with the activities described and presented in the Review of Environmental Factors.	GSSE has reviewed the two REF's provided by United dated December 2010 and June 2011 and consider that the exploration activities undertaken by United have been undertaken are generally consistent with the REF's. GSSE did note that there was some variation between the proposed and actual drill site locations. However, United advised during the site inspections on 27 and 28 September 2011 that the REF's were prepared prior to the due diligence process on some of the drill sites. Therefore, the drill site locations were relocated due to environmental and/or heritage objects identified in the vicinity of the proposed drill sites.	C	Nil
3	The Department must be informed immediately if any complaints are received regarding the exploration program.	United advised during the site inspection on 27 September 2011 that there have been no complaints received regarding the exploration program. GSSE is satisfied that United understand this condition.	C	Nil
4	All except areas, such as road reserves, travelling stock routes and Crown land, are excluded from the drilling program unless evidence of an access agreement with the relevant authority are provided to the Director, Environmental Sustainability and an Exempt Area Consent is obtained from the Department.	See Section B Special Area Conditions, Condition 3 above.	C	Ni
5	The exploration program will comply with the Interim Construction Noise Guidelines (2009) at all times.	<p>United provided a Briefing Note "Sound Power Level Assessment of Exploration Drill Rigs #854 and #202" dated 3 August 2011 for GSSE's review. GSSE has reviewed the Briefing Note and found that it does not refer to the Interim Construction Noise Guidelines (2009).</p> <p>United provided an email from Umwelt (Australia) Pty Limited (Umwelt) for GSSE's review. Umwelt state in the email that the Interim Construction Noise Guidelines (2009) does not specifically address exploration drilling operations. However, based on a desk top calculation Umwelt consider that the drilling operations would comply with these guidelines based on the assumption that drilling was not undertaken within 600 m of the closest receiver. GSSE are satisfied that United are complying this condition.</p>	C	Nil

Exploration Licence Conditions 2004 – Authorisation 444				
Condition	Condition of Licence for United	Evidence Reviewed by GSSE to Demonstrate Compliance	C/O/NC /NA	Comments/ Recommendations
6	Except in emergencies, or with the written consent of all affected landowners and the Department, no activities which are likely to disturb landholders or other affected parties are permitted at drill sites or associated areas outside the daytime hours of 7:00 am to 6:00 pm for weekdays (excluding public holidays) and 8:00 am to 1:00 pm on Saturdays.	<p>GSSE's review of the December 2010 and June 2011 REF's provided by United showed that the exploration activities would be undertaken between 6.30 am and 6.00 pm on weekdays (excluding public holidays) and 8.00 am and 3.00 pm on Saturdays. GSSE note that this inconsistent with this Condition.</p> <p>United provided a copy of Tool Box Talk titled New Drilling Approval Conditions dated 22 August 2011 for GSSE's review. GSSE's review of the Tool Box talk found that the hours of operation had been amended and were consisted with this Condition. GSSE are satisfied that United are complying with this Condition.</p>	C	Nil



Head Office

Level 1 / 241 Denison Street
Broadmeadow NSW 2292
PO Box 907
HAMILTON NSW 2303

Ph: 4920 3000
Fx: 4961 3360

Central Coast Office

PO Box 3214
WAMBERAL NSW 2260

Ph: 4385 7899
Fx: 4385 8028

www.gssenvironmental.com

