

23 March 2012

Proposal No. P17613396-001-L-Rev4

Mr Hari Kiran Vadlamani
Indicoal Mining
Suite 2, Level 3 1292 Hay Street
West Perth, Western Australia, 6005

PROPOSAL FOR MINE ENVIRONMENTAL PERMITTING FOR THE LANGLOH COAL PROJECT

Dear Mr Vadlamani

1.0 INTRODUCTION

Golder Associates Pty Ltd (Golder) is pleased to present this revised proposal to Indicoal Mining Australia Pty Ltd (Indicoal). This revised proposal was prepared in response to discussions between Indicoal and Golder on 16 March 2012, and expands on our original proposal provided on 13 December 2011 (Golder reference number: P17613396-001-L-Rev3). This proposal provides a scope of work and costs associated with environmental permitting to mine for the Langloh Coal Project (the Project), Hamilton, Tasmania, up to the submission of a Notice of Intent.

2.0 UNDERSTANDING OF THE PROJECT

Indicoal has recently acquired the Langloh Coal Project near Hamilton in Tasmania. Golder, on behalf of Black Rock Energy Australia Pty Ltd, has undertaken Concept Mining Study (Golder reference 117621029-001-R-RevA, March 2012). This study made a number of recommendations, including commence the development of an Environmental Impact Assessment (EIA).

In Tasmania, a mining lease is obtained via approvals under three pieces of State legislation. The legislation and approvals are as follows:

- *Land Use Planning and Approvals Act 1993* (LUPA Act). A permit application is required under this Act. As the Langloh Coal Project will require a Level 2 activity under the *Environmental Management and Pollution Control Act 1994* (EMPC Act), the permit application will first be referred to the Environment Protection Authority (EPA) for assessment under the EMPC Act prior to the permit application being assessed under the LUPA Act.
- *Environmental Management and Pollution Control Act 1994* (EMPC Act). Submission of a Notice of Intent to the EPA will initiate the approval process under this act. The EPA will assess the Notice of Intent to determine the class of assessment required for the project and the guidelines that the proponent will need to address.
- *Mineral Resources Development Act 1995* (MRD Act). A Mining Lease application is required to include an assessment of environmental impact. Mining cannot commence until a Mining Lease is granted and approval under the EMPC Act is received.

While a Mining Lease application can be submitted to Mineral Resources Tasmania (MRT) independent of the LUPA Act and EMPC Act, MRT recommend that the MRA Act and other approvals are made concurrently to avoid delays.



3.0 SCOPE OF WORK

3.1 Task 1 – Project Definition

As part of the project definition process, Golder will liaise with Indicoal to develop an understanding of the Project and associated components that will be included within the environmental permitting. Golder will prepare and maintain a project information request register to track the information requested from Indicoal and the response to the request. The information requested will inform the preparation of the Notice of Intent, and the EIA scoping process, enabling identification of potential impacts upon the receiving environment and required investigations. The project definition will also include consultation with regulators (such as the MRT, EPA and Central Highlands Council) and confirmation of the regulatory approval process.

Based on the information received and liaison with Indicoal, Golder will prepare a draft project description to be included in the NOI. Golder will provide the draft project description to Indicoal for review prior to inclusion in the NOI. The information contained in the project description will also be used in consultation with regulators.

3.2 Task 2 – Regulatory Approvals

3.2.1 Task 2.1 - LUPA Act

A permit application is required to be submitted to the Central Highlands Council (Council) in compliance with the LUPA Act. This application will initiate the referral to the EPA for assessment of the Project under the EMPC Act.

3.2.2 Task 2.2 - EMPC Act

As assessment of the Project is required under the EMPC Act, Golder proposes to submit both the permit application form and Notice of Intent to Council, who will then refer the application to the EPA. The NOI submittal to the EPA will initiate the approval process under the EMPC Act. The NOI is essentially a Scoping Study that outlines the Project, describes the environment, identifies potential impacts and presents the scope of the environmental and social investigations. Golder Associates will prepare the NOI in accordance with Section 27B of the EMPC Act which specifies that the NOI shall include:

1. The name and contact details of the person lodging the application.
2. The name of the proposed project and its location.
3. Background of the project proponent, including details of the proponent's experience and financial capacity to undertake the project and his, her or its contact details.
4. A description of the proposed project, including its key physical components.
5. An outline of the proposed location of the project and a general site location map.
6. An outline of the stakeholder consultation process undertaken or proposed to be undertaken, including the consultation method, stakeholders consulted or to be consulted and the issues raised or to be raised.
7. A general description of the physical environment that may be affected by the project.
8. The key environmental, health, economic and social issues identified for the project to date.
9. The surveys and studies proposed or underway in relation to the key issues for the project.
10. The proposed timetable for the project.

11. Any other details that the Board of the Environment Protection Authority (the Board) may consider relevant to the project. For the purposes of section 27B(2)(k) of the EMPC Act, the Board has specified that a NOI is to contain the following relevant details:
 - a. Whether the project requires or is likely to require approval under the *Environment Protection and Biodiversity Conservation Act 1999* (which will be determined by the project's potential to impact upon matters of national environmental significance¹ or upon Commonwealth land); and
 - b. Whether the proponent has or intends to refer the project to the Commonwealth Government for a determination on whether approval under the *Environment Protection and Biodiversity Conservation Act 1999* is required.

The permit application will also require a copy of current copy of the Certificate of Title for all lots involved in the Project. Council may request further information which would be addressed in the EIA.

3.2.3 Task 2.3 - MRD Act Application

As previously described, a permit from the EPA is required before a mining lease is granted. However, in some circumstances where the environmental impacts are assessed to be low by the MRT and EPA, a mining lease may be granted before the EPA permit process is complete, based on the submission of the NOI. For actual mining to take place, a full EPA approval must be obtained, but the lease may be granted before the permit is obtained.

As a minimum, a NOI should be submitted to the MRT as part of a Mining Lease application.

3.3 Task 3 – Desktop Environmental Baseline Study

Existing data will be reviewed to identify the key environmental factors (e.g. ecology, cultural heritage, air, noise, hydrology, hydrogeology, landscape, soils, land use, infrastructure, etc.) likely to be impacted by the proposed activity.

A site walkover will be conducted by the specialist ecologist to provide preliminary flora and fauna descriptions for the study area and to determine likely impacts. No other field studies are proposed for this scope of work.

3.4 Task 4 – Stakeholder Engagement

A requirement of approval applications is that a suitable level of stakeholder engagement be undertaken. It is also critical to project success; ensuring that stakeholders are informed and that stakeholder issues are identified and considered in the early stage of the Project. Appropriate, targeted stakeholder engagement will be important, particularly for informing the regulators as what is involved in the project, scale of operations and potential environmental impacts, all of which will be considered by the regulators when determining the class of assessment under the EMPC Act. The processes involved in this stage will include:

- Identification of the key stakeholders.
- Preparation of a stakeholder engagement strategy.
- Coordinate, prepare and attend stakeholder meetings.
- Complete a site visit which will include a meeting with the MRT, EPA and other key stakeholders, as appropriate. It may be prudent to visit the site with representatives of MRT and EPA to demonstrate the anticipated impact of the activity.

Golder has assumed that Indicoal have a strategy for consultation with landholders, in which case Golder will coordinate with these efforts.

Alternatively, Golder can assist with these activities, engaging land access specialists or recommending suitable individuals for this activity to be engaged directly by Indicoal. This is currently outside the scope of work contained in this proposal. Should Indicoal request Golder's assistance in this matter, Golder will

prepare a written scope of work and cost estimate as a variation to the scope of work contained in this document.

3.5 Task 5 – Scope Environmental and Social Impact Assessment Studies

The NOI outlines the project description, a desktop assessment of baseline environmental assessment and broadly identifies key environmental, health, economic and social issues. The NOI is then used by the EPA to determine the class of assessment for the project and to prepare the guidelines to be addressed.

Based on the information collected during preparation of the NOI and the EPA guidelines, Golder will scope the environmental and social impact assessment studies required to address the EPA guidelines. Golder will also consult with MRT, EPA and key interest groups to confirm the scope of potential environmental issues and proposed scope and methodology of environmental and social impact assessment studies. Confirmation of the scope and methodology of these studies will minimise unnecessary delays during the subsequent formal document review stage.

Potential Future Studies Outside of this Scope of Work

Based on the relative low-impact nature of the Project, the extent of previous disturbance and the likelihood of any impacts being mitigated make it unlikely that matters of environmental significance as defined under the Commonwealth *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act), will be triggered. Golder has assumed that an EPBC Act referral and subsequent assessment under the EPBC Act is unlikely to be required and have not included a referral in this scope of work. However, should desktop environmental baseline studies indicate that there is potential of significant impact to a matter of environmental significance, Golder will advise Indicoal and provide a cost estimate as a variation to this scope of work.

4.0 PROJECT TEAM

The scope of work will be undertaken by members of Golder's Environmental Planning and Impact Assessment team. The team includes:

- Cary Ehrman – Principal Environmental and Social Impact Assessment (ESIA) Specialist; ESIA direction, regulatory approvals, and impact assessment.
- Rebecca Powlett – Senior Environmental Scientist
- Sandra Hurt – Environmental Scientist; ESIA technical research and writing.
- Grant Fleming – Senior Ecologist; flora and fauna studies.
- Cameron Robertson – Archaeologist; heritage studies.

Experience overviews are provided below for the key project team members and detailed curricula vitae can be provided on request.

Cary Ehrman is an Associate in Golder Associates' Melbourne Office and is responsible for the direction and management of the Environmental Planning and Impact Assessment Group. Cary has over 26 years' experience in environmental impact assessment, siting analysis, planning, permitting, sustainability and stakeholder consultation, and has led EIAs and associated community consultation for public and private infrastructure projects in the United States, Ukraine, Australia and Fiji. She is a Certified Environmental Professional and is certified by the International Association for Public Participation (IAP2) and is skilled in the leading practices of public involvement, collaborative decision making, engagement and community consensus building. Her project experience includes options and siting analysis, technical leadership of specialist baseline studies, environmental and social impact assessment, management planning, community consultation, and works approval documentation.

Rebecca Powlett is a Senior Environmental Scientist with 12 years experience in the public and private sectors. Rebecca's specialty area is in environmental and social impact assessment and approvals. Rebecca has previously worked for the Queensland government's Department of Natural Resources & Water and was responsible for the coordination of assessment and approval of mining development projects. Rebecca has spent nine years working in Central Queensland and the Bowen Basin. During this time she worked predominantly on assessment and approval of open-cut and underground coal mines. Rebecca has prepared Environmental and Social Impact Assessments and permitting documents for mining projects throughout Australia specifically in coal mining, but also uranium, gold, copper, magnetite, rock phosphate, precious stones and oil shale. Rebecca's experience with industrial development has included smelters for aluminium and nickel/cobalt, ammonium nitrate and petroleum carbon calcination plants.

Sandra Hurt is an Environmental Scientist with Golder and has experience in undertaking ESIs for mining projects in Australia, Indonesia and PNG. Sandra has also coordinated ESIs for resource exploration programs in Tasmanian marine areas.

5.0 PROJECT SCHEDULE

The proposed project team is available to commence work immediately and can commence desktop investigations as soon as written approval to proceed is received. Once approval to proceed is received, Golder will commence preparation mobilisation for the ecology site walk over to proceed in early Q2 2012. The draft NOI would be provided to Indicoal for review at the end of Q2 2012, depending upon the provision of sufficient conceptual project description information.

6.0 COST

A cost for the scope of work has been prepared based on the preparation of an NOI and the assumptions identified in this proposal. The costs are summarised in Table 1:

Table 1: Estimated Cost

Task	Estimated Hours	Cost
Fees		
Task 1 – Project Definition	31	\$4,780
Task 2 – Regulatory Approvals		
Task 2.1 – LUPA Act Application	6	\$1,000
Task 2.2 – EMPC Act Application	165	\$27,720
Task 2.3 – MRD Act Application	34	\$5,690
Task 3 – Desktop Environmental Baseline Study	155	\$29,800
Task 4 – Stakeholder Engagement	42	\$11,280
Task 5 – Scope Environmental and Social Impact Assessment Studies	25	\$8,320
Project Management	72	\$13,090
Fees Sub-Total (excl. GST)		\$101,680
Expenses		
Travel & Accommodation	up to 4 passengers	\$4,000
Herbarium identification costs		\$100
Miscellaneous expenses - printing, couriers		\$500
Expenses Sub-total (excl. GST)		\$4,600
Total (Fees & Expenses) (excl. GST)		\$116,908

7.0 ASSUMPTIONS

Golder has made the following assumptions in preparing this proposal. Any variation to these assumptions may require review of the proposal scope and cost estimate.

1. Based on preliminary discussions with the MRT and the potential low-level impact of the proposal, Golder has assumed that a Mining Lease can be granted prior to full EPA assessment and the subsequent granting of the EPA permit. This will need to be confirmed with the EPA. This assumption forms the basis of the proposal scope and cost estimate.
2. The heritage study will comprise a desktop review only and does not include field investigations at this stage. Should field investigation be required based on the presence of potentially significant material then a revised cost estimate will be prepared for Indicoal approval.
3. The ecological study has assumed 2 days site visit including, travel, site walkover, and meeting with MRT and EPA in Hobart.
4. As the activity is proposed to be located in cultivated and grazed farmland potential for significant impacts to matters of environmental significance identified under the EPBC Act is low, and so an EPBC Act referral is assumed unlikely to be required and is not included in the scope of work. A search of the EPBC Act database is included in the scope and cost estimate.
5. Golder has assumed that Indicoal will coordinate liaison and access negotiation with landholders, in which case Golder will integrate with these efforts. Alternatively, Golder can assist with these activities, engaging land access specialists or recommending suitable individuals for this activity to be engaged directly by Indicoal at an additional cost.
6. State and Local government fees associated with submission of regulatory approvals will be the responsibility of Indicoal.
7. 25 % of fees will be invoiced upon award of works.
8. Monthly progress invoices will be submitted, unless otherwise negotiated with Indicoal, and are payable within 30 days of issue.
9. Golder expenses, laboratory fees and sub-contractors are subject to 15% handling fee.
10. All invoices are subject to 10% GST.
11. Any project variations in scope of works or cost will be subject to a written quote for Indicoal approval prior to commencement of works.
12. Written authorisation from Indicoal is required prior to commencement of any proposed works packages.

8.0 HSE POLICIES, AWARENESS AND PERFORMANCE

Golder has made a commitment to our staff to embed Health, Safety and Environment (HSE) as a true organisational value. We have dedicated HSE resources to provide specialist support across our operations and have HSE objectives reflected in our business strategic plan. We believe that everyone is responsible for HSE.

We promote a safety culture based on openness and participation to integrate and support HSE risk management with our clients and contractors.

Our training and coaching framework provides employees with the knowledge to perform their assigned tasks with a commitment to quality, while ensuring minimal health, safety or environmental impact. We have a range of programs including our comprehensive site safety training. This is in addition to project-specific training that may be required to mitigate risk.

9.0 CONDITIONS OF ENGAGEMENT

Prior to commencement of the professional services, written authorisation to proceed is required from Indicoal. For your convenience, a Proposal Acceptance Form has been attached to this proposal.

Progress invoices may be issued to Indicoal payment in full of each invoice within 30 days of issue is a requirement of this Proposal. This work has been costed and will be undertaken in accordance with the attached Golder Terms and Conditions for Professional Services (LEG01, RL5).

This proposal is valid for a period of 30 days unless as otherwise agreed.

10.0 CLOSING

Golder Associates appreciates the opportunity to submit a proposal for this work. If you have any queries regarding the proposal, please do not hesitate to contact Rebecca Powlett (08 8213 2158) or Cary Ehrman (03 8862 3713).

GOLDER ASSOCIATES PTY LTD



Rebecca Powlett
Senior Environmental Planner



Cary Ehrman
Principal ESIA Specialist

AP:RP/CE/kd

CC: James Smith, Golder Associates

Attachments: Proposal Acceptance Form
Golder Standards Terms and Conditions for Professional Services (LEG01, RL5)

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PROPOSAL ACCEPTANCE FORM

Indicoal Mining Australia Pty Ltd

Proposal for Mine Environmental Permitting for the Langloh Coal Project

I authorise Golder Associates Pty Ltd of Building 7, Botanicca Corporate Park 570-588 Swan Street, Richmond, Victoria 3121, to proceed with the proposal for mine environmental permitting for the Langloh Coal Project, as outlined in their proposal P17613396-001-L-Rev4 dated 23 March 2012.

Signed: _____

Name in block letters: _____

Dated: _____

ABN: _____

TERMS AND CONDITIONS FOR PROFESSIONAL SERVICES

Golder Associates Pty Ltd ("Golder") and the Client (as described in the accompanying Proposal) agree that any professional services, including subsequent services and charges (collectively the Services), to be provided by Golder relating to the Proposal will be on the following Terms and Conditions. Collectively the Proposal and the following Terms and Conditions form the Agreement between the Client and Golder.

1. **Standard of Care** – Golder shall provide the Services with such skill, care and diligence as is ordinarily exercised by consultants in similar circumstances at the time the Services are provided. Golder shall provide the Client the opportunity to provide feedback regarding the provision of the Services at any time.
2. **Site Disturbance** – Where fieldwork activities are undertaken as part of the Services, the Client understands that in the normal course of work some surface disturbance will occur. Unless expressly described in the Proposal, or required by law, Golder's responsibility to make good for disturbance caused during Golder investigation activity shall be limited to uncompacted backfilling of test pits and surface-plugging of boreholes not otherwise capped. Any other repair or re-instatement of pavements or other surface finishes shall be the Client's responsibility and is not part of this Agreement.
3. **Right of Entry, Permits, Site Information and Utilities** - The Client shall obtain all necessary permits and licenses and provide right of entry for Golder and its subcontractors to carry out the Services. The Client (at its own cost) shall provide to Golder in advance all relevant and necessary information, documents and other particulars concerning the provision of the Services including but not limited to any on-site hazardous materials and underground utilities. Golder shall rely on such information.
4. **Safety** – Golder shall be responsible only for its activities and that of its employees and nothing shall imply that Golder has any responsibility for job site safety which is the responsibility of the Client or its agents or contractors. The Client shall provide in advance any environmental, health, or safety policies or procedures it requires Golder to abide by during provision of the Services. If no policies or procedures are provided, Golder shall abide by its own policies and procedures in the provision of the Services. If in Golder's reasonable opinion it is unsafe to continue, Golder may suspend the Services without penalty until the unsafe condition is rectified. At no time shall Golder be deemed to be in control of the project site unless by prior written agreement in connection with specific Services.
5. **Payment** – The Client shall pay to Golder the Fees and Expenses as set out in the Proposal without set off or deduction. Where this Agreement has been entered into or authorised by an Agent (or a person purporting to act as an Agent) on behalf of the Client, the Agent and the Client shall be jointly and severally liable for payment of all accounts due to Golder under this Agreement. All monies payable by the Client to Golder shall be paid within thirty (30) days of the date of the invoice. Monies not paid within that period shall attract interest from the date of the invoice until payment at a rate of 1.5% per month, plus debt collection fees where applicable. Client shall notify Golder within ten (10) days of receipt of any invoice of any dispute with the invoice and the parties will promptly meet to resolve the dispute. Unless such notification is received by Golder, the Client agrees the invoice will be deemed valid and payment is due under the terms of this Condition.
6. **Rates** – The rates set out in the Proposal are applicable for 6 months after acceptance of the Proposal or the duration of the Services, whichever is lesser. Thereafter the Rates shall be reviewed and adjusted with respect to market conditions.
7. **Limitation of Liability** - To the maximum extent permitted by law:
 - (a) Subject to paragraphs (b) and (c) below, the liability of Golder, its employees, officers and directors arising out of the performance or non-performance of the Services, whether under law of contract, tort or otherwise, shall be limited in aggregate to the cost of rectifying the Services, or the amount of \$300,000, whichever is the lesser.
 - (b) Golder shall not under any circumstance be liable to the Client in respect to any indirect, consequential or special losses (including loss of profit, loss of business opportunity and payment of liquidated sums or damages under any other agreement).
 - (c) Golder will be deemed discharged from all liability in respect of the Services, whether under the law of contract, tort, or otherwise, on the expiration of one (1) year from the completion of the Services, the date of invoice in respect of the final amount claimed by Golder pursuant to Clause 5, or the termination of this Agreement, whichever is earliest. The Client shall not be entitled to commence any action or claim whatsoever against Golder or any employee, agent or sub-consultant of Golder in respect of the Services after that date.
8. **Ownership and Use of Work Product** - Intellectual property and copyright ("IP") in all drawings, reports, specifications, bills of quantity, calculations, software, and other documents created or provided by Golder in the provision of the Services shall remain the property of Golder. Subject to the Client complying with its obligations under this Agreement, the Client shall upon payment own all deliverables provided to it in the provision of the Services, and Golder grants to the Client a nonexclusive, non-transferable license to use the IP for the purposes described in the Proposal. The Client shall not use, or make copies of, the deliverables in connection with any work not included in the Proposal without prior written consent from Golder. If the Client is in breach of any obligation to make a payment to Golder, Golder may revoke the license to use the IP and the Client shall return to Golder all originals of deliverables provided under the Services and any copies thereof.
9. **Third party reliance** - Unless expressly agreed by Golder, no third party may rely upon any work product provided under this Agreement. The Client indemnifies Golder from any unlicensed use of or reliance on said work product.
10. **Confidentiality** – Subject to Clause 11 below, neither the Client nor Golder shall disclose to third parties any information provided by the other unless required by law or the information is already available to the public, or the other consents to the disclosure.
11. **Publicity** – The Client consents to Golder's use of a general description of Golder's Services, and general images of the Services, in Golder's internal and external marketing materials, including resumes, proposals, and promotional materials. Neither party shall otherwise use the name, trade marks, or trade names of the other, in part or in whole, without the other party's prior written approval.
12. **Dispute** - Any dispute between the Client and Golder shall be notified in writing by the aggrieved party to the other within 7 days of the onset of the dispute. It shall be handled as follows:
 - (a) Within 7 days of notification, the parties and their principals shall meet in good faith, without legal representation, in an attempt to resolve the dispute.

- (b) If the dispute is not resolved under (a) the parties agree that the dispute shall then be subject to final expert determination. The expert shall be chosen by agreement between the parties.
 - (c) The parties irrevocably waive any recourse to further action.
 - (d) Notwithstanding the subject of any dispute, the parties agree to continue to perform all other obligations under this agreement.
13. **Termination** - Either party may terminate its obligations under this Agreement in the event of a substantial breach by the other party of its obligations and the breach has not been remedied within 30 days of a written notice requiring the breach to be remedied; OR without cause upon giving the other party 30 days' written notice of its intention to do so. Golder may suspend or terminate its obligations under this Agreement in the event of monies payable to Golder for the Services being outstanding for more than 30 days.
14. **Assignment** - Neither party and their respective successors may assign, transfer, or sublet any obligation under this Agreement without the prior written consent of the other party. Unless stated in writing to the contrary, no assignment, transfer, novation or sublet shall release the assignor from any obligation under this Agreement.
15. **Subconsultants** - If Golder considers it appropriate to do so, it may, with the Client's prior written approval, engage another consultant to assist Golder in provision of the Services. Such written permission from the Client cannot be unreasonably withheld. The Client acknowledges that Golder may have retained subconsultants affiliated with Golder to provide Services for the benefit of Golder. To the maximum extent allowed by law, the Client acknowledges and agrees it will not have any direct legal recourse to, and waives any claim, demand, or cause of action against, Golder's affiliated companies, and their employees, officers and directors.
16. **Miscellaneous** –
- (a) This Agreement shall be subject to either the laws of the State of Australia where the Services are provided, or if the Services are provided outside of Australia, the laws of the State of Australia which is the location of the Golder office that is the source of the Proposal.
 - (b) This Agreement is the entire Agreement between the parties for the provision of the Services in the Proposal and supersedes all other agreements, representations, correspondence, and discussions in connection with the Services. In particular, no terms incorporated into or referenced by any Purchase Order, however and whenever presented, shall at any time operate to amend or substitute for the terms of this Agreement.
 - (c) If any Clause of this Agreement is found to be inoperable due to illegality, such Clause is severed from the Agreement and the rest of the Agreement remains in force.
 - (d) Nothing in this Agreement, nor in the performance of the Services, shall be construed as creating a relationship of agency, partnership, or other relationship other than that of Client and Consultant between the parties.