



MOOLARBEN Coal Operations Pty Ltd

ABN 59 077 939 569

8 September 2009

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Mr Mike Carrucan
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Dear Mike

I am writing following, and to set out, the arrangements made at our meeting yesterday.

I am writing to record that, in recognition of the beneficial outcomes of the proposed relocation of the Moolarben ROM Coal Dump Hopper as proposed by Moolarben in its Modification No. 5 of its Stage One Planning Approval (**Mod 5 Approval**), Ulan Coal Mines Limited (**Ulan**) will sell approximately 27 Ha of its land as shown in the attached plan along with any improvements thereon (**Sale Land**) to the Moolarben Joint Venturers (**MJV**).

At the meeting, it was agreed that Moolarben could commence access to the land following execution by the parties of an Access Agreement on terms commensurate with the access arrangements currently in existence between Ulan and MJV.

The principles agreed in respect of the sale of the Sale Land and the access thereto were as follows:

1. Ulan would sell the Sale Land to the MJV.
2. The sale of the Sale Land and the terms of the sale would be without prejudice, would bear no relationship to nor be relevant in any way to the negotiations ongoing for the sale of other Ulan land to the MJV.
3. The sale price determined on the basis of [REDACTED] per hectare on an area basis determined by reference to the actual area of the Sale Land as ultimately determined by survey plus GST.
4. The Sale Land will include that part of Ulan-Wollar Road that is to be closed under the terms of an agreement dated 28 July 2009 between Council, Ulan and Moolarben as shown on the attached plan.
5. On execution of the Access Agreement, Moolarben will:
 - (a) pay the Sale Price plus GST to Ulan; and
 - (b) be entitled to access and use the Sale Land for the development of its relocated dump hopper subject to the issue by the Minister for Planning of the Mod 5 Approval.

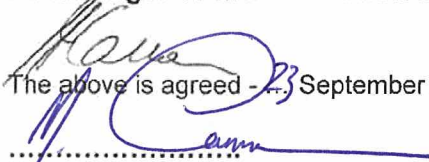
6. Moolarben will, at its cost, manage and secure any necessary planning and subdivision approvals (including commissioning a survey of the Sale Land) to create the Sale Land as a separate lot capable of being transferred from Ulan to the MJV.
7. Moolarben and Ulan will complete and sign all applications and provide all reasonably required consents to facilitate the grant of Council planning and subdivision approvals including:
 - (a) as to Ulan (and at the cost of Moolarben) the consolidation of any residue lots created by the excision of the Sale Land as may be reasonably required by Council to facilitate the creation of the lot for the Sale Land as a separate lot and/or capable of being transferred to the MJV; and
 - (b) as to Moolarben, any required consolidation of the Sale Land with other Moolarben-owned land.
8. Moolarben will, at its cost, cause the preparation of the required Contract for Sale of Land, Transfer and all applications and registrations and other documents required to implement the transaction summarised in this Principles Letter.
9. Moolarben will reimburse to Ulan the appropriate reasonable legal and other costs incurred by Ulan in entering into and implementing the principles in this Principles Letter.
10. The parties mutually note the claim by Ulan of the existence of "significant improvements" and "agricultural land" and Moolarben's objections to these claims. Upon completion of the Contract for Sale of Land, these claims will no longer be relevant to the Sale Land but will continue to apply in respect of the remainder of MLA 327 and MLA 331.

If you agree with the above, would you please sign the enclosed copy of this letter and return it to me.

I will then arrange for our lawyers, Sparke Helmore, to prepare the Access Agreement, a Contract for Sale and the other documents required to implement the principles outlined above.

Yours faithfully

Ian Callow
Moolarben Coal Operations Pty Limited
As manager of the Moolarben Joint Venture


The above is agreed - 23 September 2009

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Mr Mike Carrucan
Manager – Development Projects
Xstrata Coal NSW – For Ulan Coal Mines Limited.

