ABN 73 079 854 845

MAULES CREEK COAL PROJECT

LAND VALUE IMPACT ASSESSMENT

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1. SCOPE

1.1 INSTRUCTION

Opteon (Northern Inland NSW) Pty Ltd has been commission by Aston Resources Ltd to undertake a land value impact assessment for the Maules Creek Coal Project (the Project).

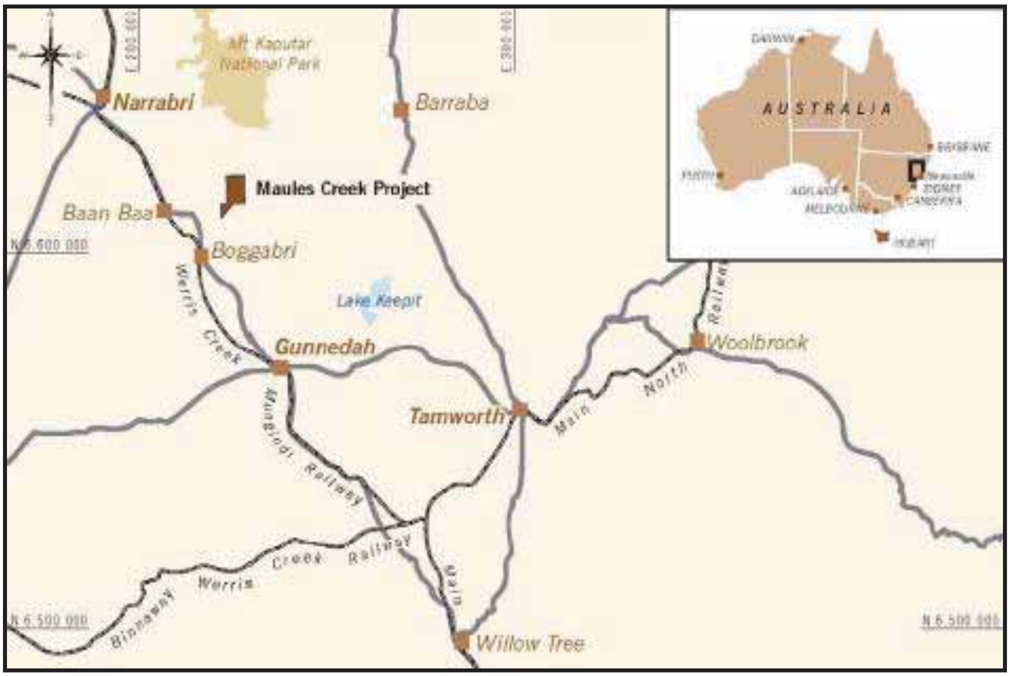
1.2 PURPOSE

The purpose of this report is for consideration in application for Project approval to facilitate the development of the open cut mining operation and associated infrastructure.

The decline in rural property values is highlighted as a key issue and concern under economic and social impact assessments provided by Maules Creek Community consultation processes.

1.3 PROJECT

The Project is located approximately 18km north east of the township of Boggabri in the North West region of NSW within the Narrabri Local Government area.

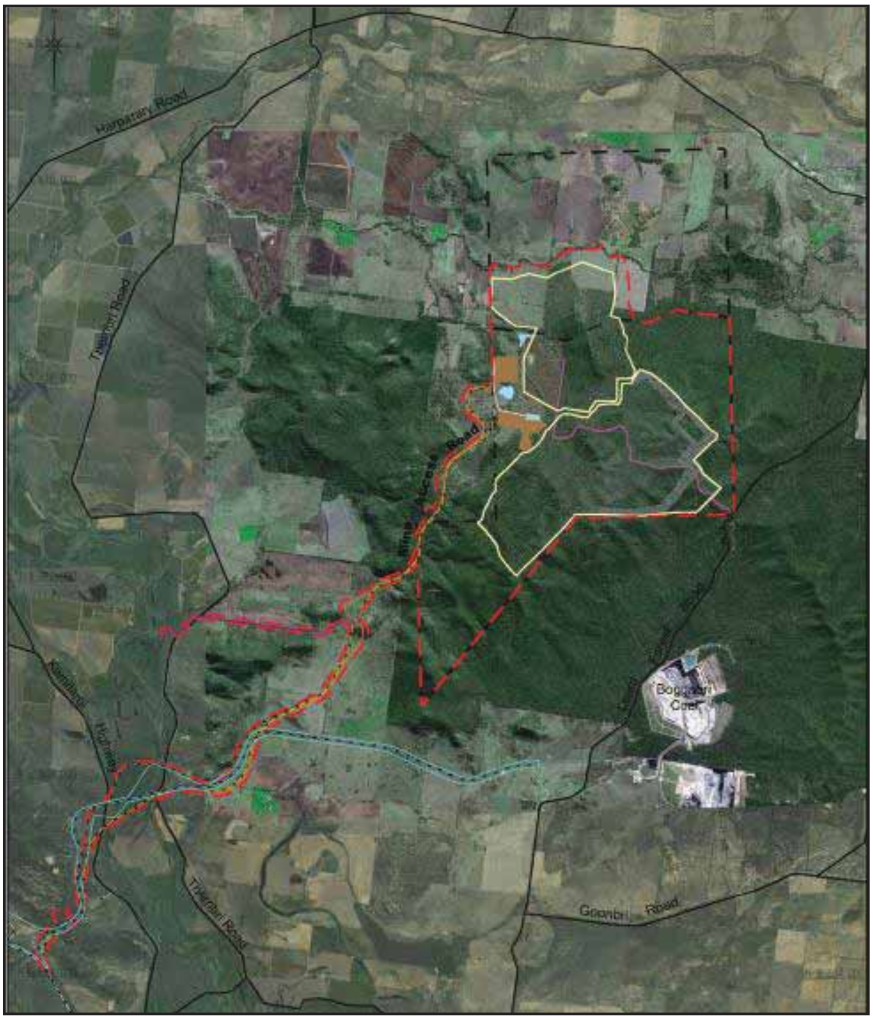


Visual Impact Statement
Integral Landscape,
Architecture and Visual Planning
November, 2010

1.3 **PROJECT** (continued)

The Project is 85% owned by Aston Coal 2 Pty Ltd (Aston) and 15% owned by ICRA MC Pty Ltd and managed by Aston Resources Ltd.

The Project is considered to be one of the few remaining tier one undeveloped semi-soft coking and thermal coal assets in New South Wales. Located in the Gunnedah Coal Basin, it is a large delineated coal project with joint oil reserve committee, coal reserves of 610,000,000 tonnes capable of supporting a large open cut operation for more than twenty-one years.



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1.4 ASSESSMENT OBJECTIVES

The objective of this study is to ascertain the impact of surrounding rural land values by the presence of open cut coal mining activities. The study has taken into consideration both the localised market plus medium rural land sale values over a ten year period on a Local Government Area (LGA) basis in LGA's which have been classified as having established mining activity, emerging mining activity and non mining activity.

Statistics on the LGA's in these categories have been analysed in an attempt to understand the overall impact on rural land values over time within these LGA's depending on level of mining activity.

The limitations of the study are the variation in the rural holdings within the LGA's and the traditionally relatively low number of transactions within LGA's to provide statistical relevance plus the sheer size of the LGA areas.

Further to studies on the LGA areas, additional localised research into general market trends within the Maules Creek area around Boggabri has been undertaken.

1.5 LGA STUDY METHODOLOGY

Ten LGA's have been selected which range from the Lower Hunter Valley to the North West NSW and Northern Tablelands area generally within the coal basin of Northern NSW.

LGA's have been split into three categories, established mining LGA's, emerging mining LGA's and non-mining impacted LGA's. LGA's included are as follows:

Established Mining LGA's

- Singleton Shire
- Muswellbrook Shire

Emerging mining LGA's

- Mid w\Western
- Liverpool Plains
- Gunnedah
- Upper Hunter
- Narrabri

Non-mining LGA's

- Tamworth Regional
- Inverell
- Gwydir

1.6 MARKET ANALYSIS

For each LGA, a ten year study has been undertaken to determine both the annual medium rural property price and annual average rural property price. These have been categorised into areas of 50ha – 200ha and 200ha plus.

To normalise statistics in an attempt to reflect the 'agricultural value' of holdings, transfers which have been easily identified as mining purchases; inter company or family purchases; non-market purchases or purchases of highly capitalised intensive agricultural sales, have been excluded. This includes corporate size wineries and equine complexes. Whilst the normalising process cannot be 100% accurate, it does relieve each LGA of the extremities and abnormal market transactions.

Due to the large number of transactions, they have not been analysed back to land value, however, are simply reported on an overall sale price amount.

A trend line has been applied to the medium sale price to indicate overall long term trends.

1.6.1 ESTABLISHED MINING LGA's

Of the above LGA's classified as established mining area Singleton and Muswellbrook, have the more traditional longer term coal mining history as a strong factor in the local community. These areas are influenced not only by mining impacts but relatively close proximity of major population centres of Sydney and Newcastle. Other impacts on land values are a scarcity of prime agricultural land away from the Hunter River flats and valleys. Much of the surrounding land raises to unproductive, albeit quite scenic, timbered ridgelines and precipitous cliffs.

Mining within these areas is quite visible, however, has become synonymous with this area. Whilst not always a harmonious relationship, other industries which coincide with the mining industry in these areas are viticulture, thoroughbred equine breeding, dairying, hay production, plus mixed farming and grazing.

During the past 10 year period, influences within the market other than direct mining acquisitions include:

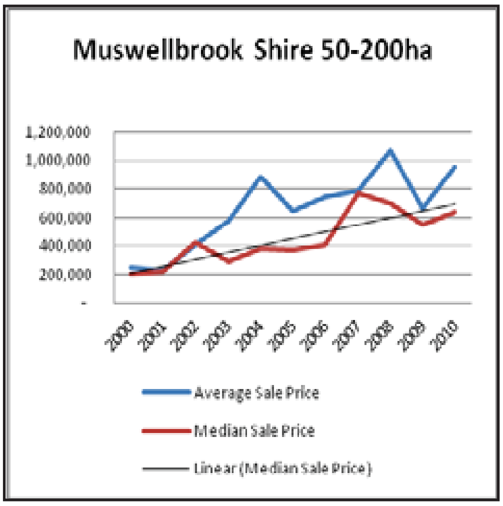
* Drought conditions and associate irrigation water scarcity.

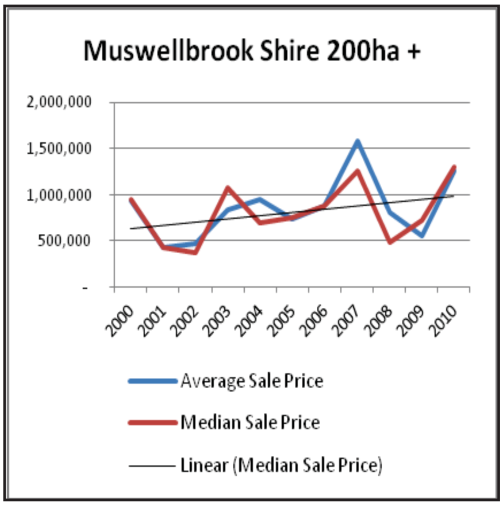
* Commodity price fluctuations impacting greatly on dairying and wine industry.

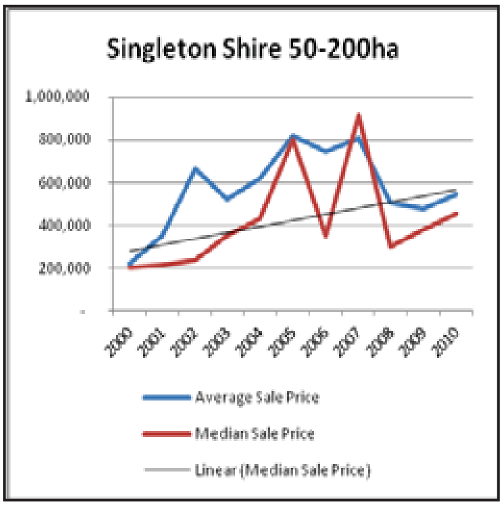
* National oversupply of wine/grape production.

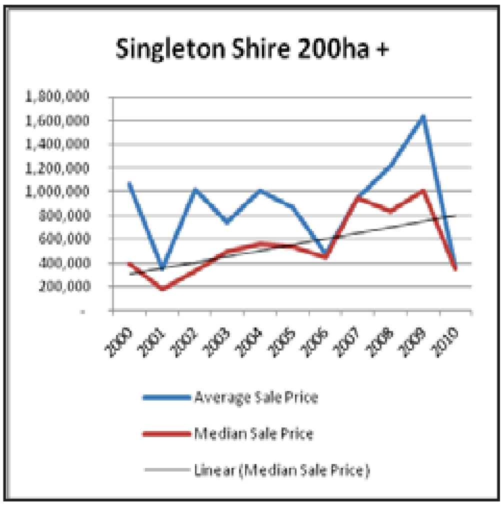
* Impact of GFC on lifestyle purchases from metropolitan based buyers and also on equine industry.

ESTABLISHED MINING LGA's (continued)









Trends Observed

The aforementioned graphs indicate a level of volatility over the period but in general a positive trend line of median sales prices in both the 50ha – 200ha and 200ha plus categories with average ten year median price increases of 7% - 22% per annum.

1.6.2 EMERGING MINING AREAS

LGA's identified as 'emerging mining areas' all have some past history of mining to a far lesser degree although have traditionally not been recognised as mining based shires. Gunnedah Shire, for example, has a greater past history than the Liverpool Plains, Upper Hunter and Mid Western region. In recent years, these LGA's each experienced significant mining exploration, new mines developed, and other proposals such as subject undergoing approval processes.

These LGA's differ from Singleton and Muswellbrook in so far as they are perceived as having a greater spread of productive agricultural land away from mining impact areas.

Mining within these areas is generally less visible at this stage than throughout the Lower Hunter LGA's, however, has become more synonymous with these areas. Other industries which will need to coincide with the mining industry in these areas are predominantly broad acre dryland and irrigated cultivation, mixed farming and grazing, equine, dairying and to a lesser extent some viticulture, hay production etc.

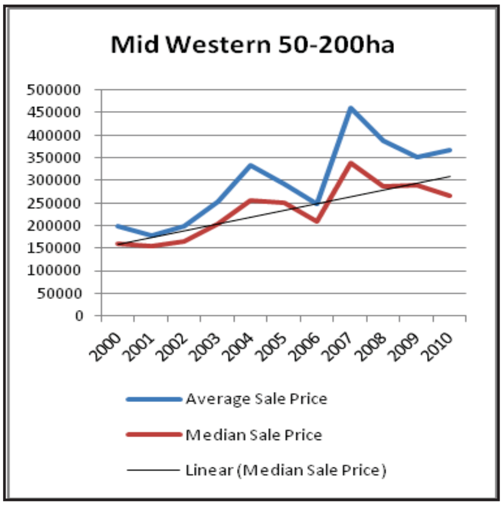
During the past 10 year period, influences within the market other than direct mining acquisitions include:

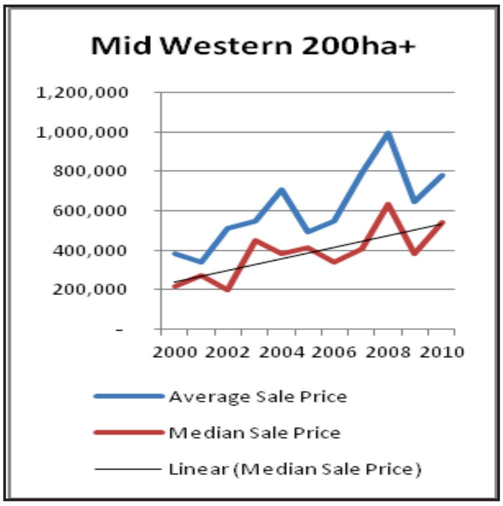
* Drought conditions and associate irrigation water scarcity.

* Commodity price fluctuations impacting greatly on dairying and wine industry.

* National oversupply of wine/grape production.

* Impact of GFC on lifestyle purchases from metropolitan based buyers and also on equine industry.





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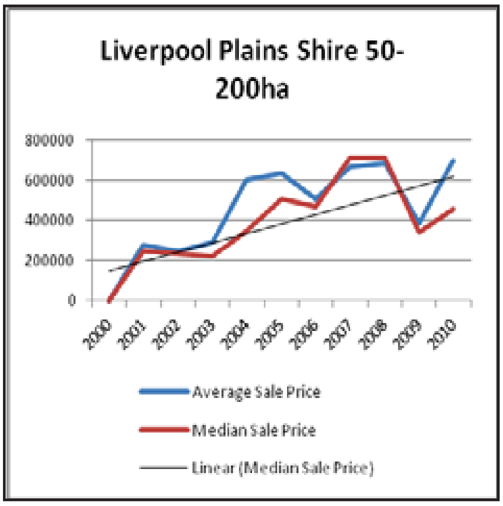
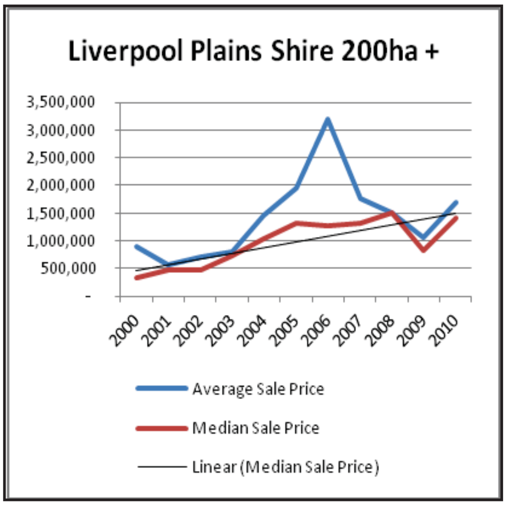
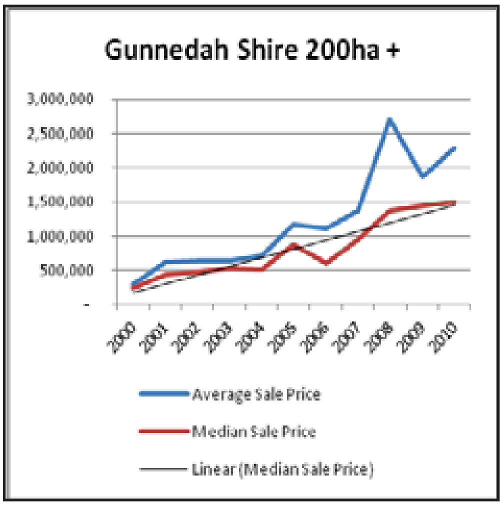
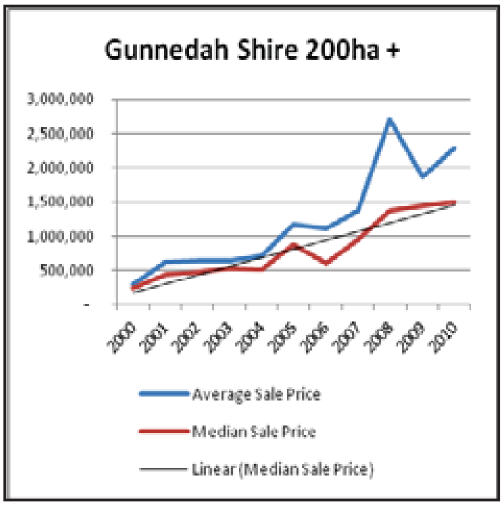
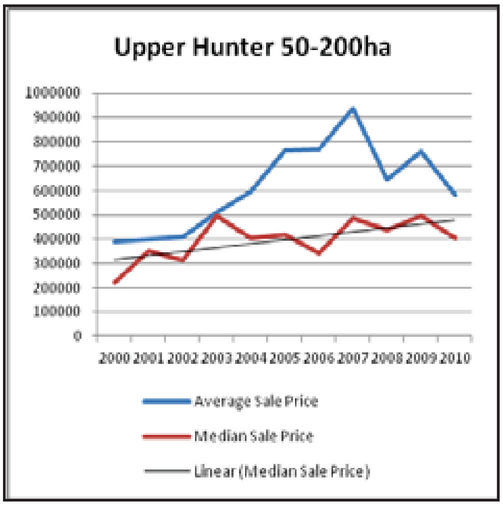
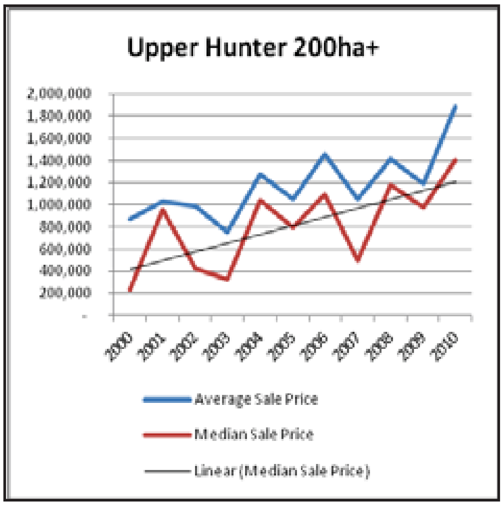




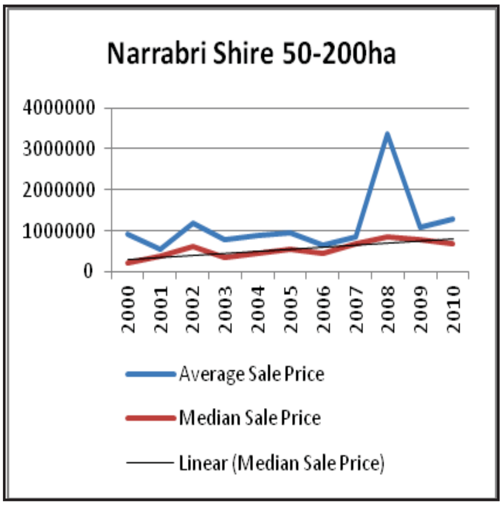


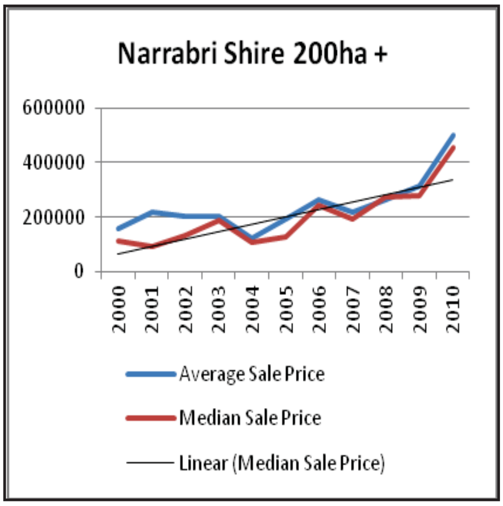






EMERGING MINING AREAS (continued)



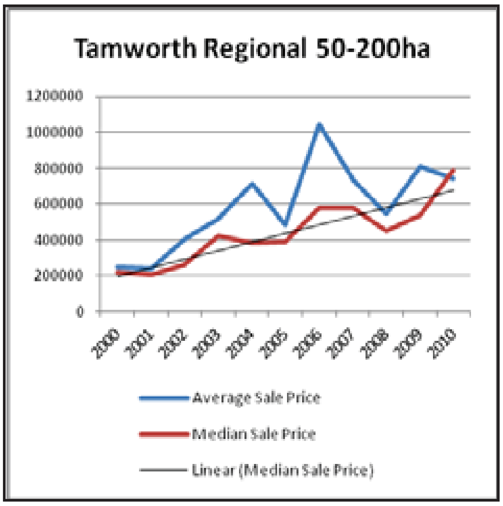


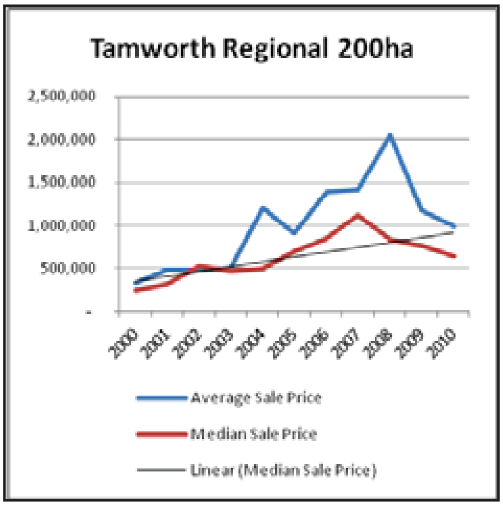
Trends Observed

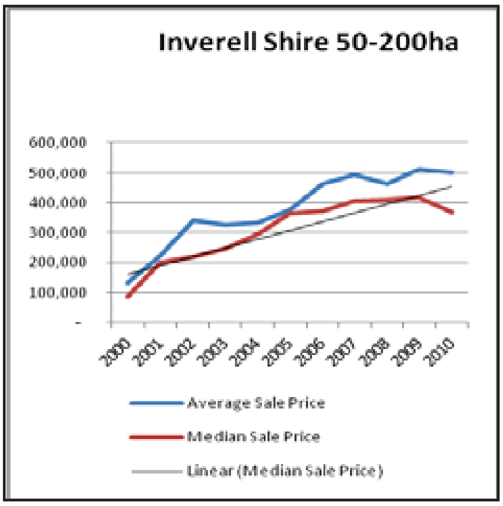
The aforementioned graphs indicate a level of volatility over the period but in general a positive trend line of median sales prices in both the 50ha – 200ha and 200ha plus categories with average ten year median price increases mainly between 10% - 25% per annum except for an Upper Hunter aberration in 2007.

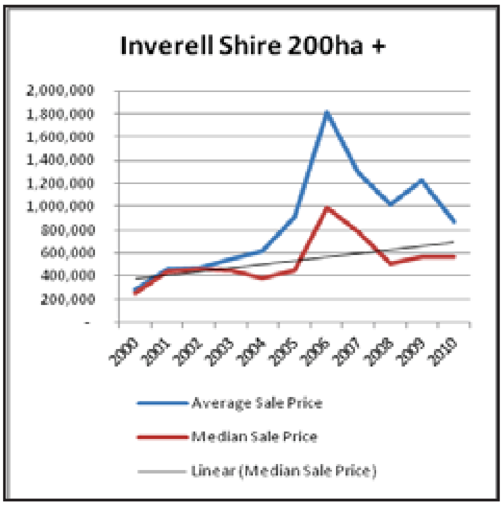
1.6.3 NON MINING IMPACTED LGA'S

The above LGA's are considered a relevant comparison to those directly affected by long established and emerging mining industry, many of which adjoin. They have been included to provide a comparison reflecting median value increases over the same period in areas without (or significantly less) mining influence. The main industries in these areas being, traditional agriculture, both dryland and irrigated, with a lesser percentage of specialty rural industries such as viticulture and equine.

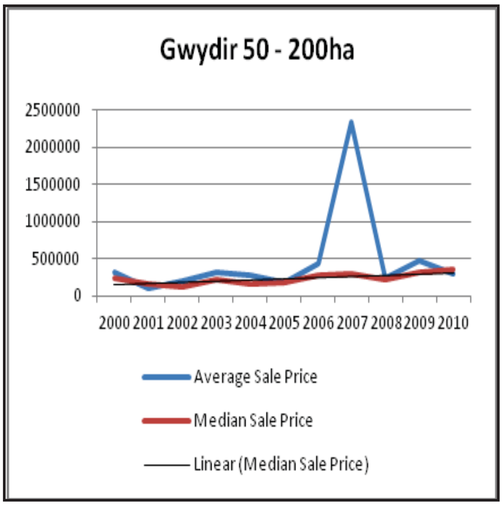


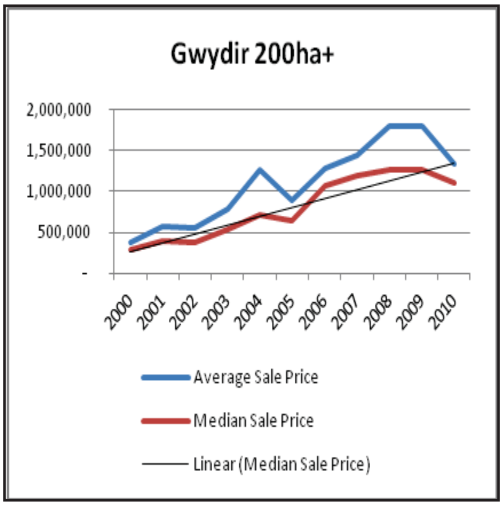






NON MINING IMPACTED LGA'S (continued)





Trends Observed

The aforementioned graphs indicate a level of volatility over the period but in general a positive trend line of median sales prices in both the 50 – 200ha and 200ha plus categories with average ten year median price increases mainly between 10% - 17% per annum.

2. SUMMARY

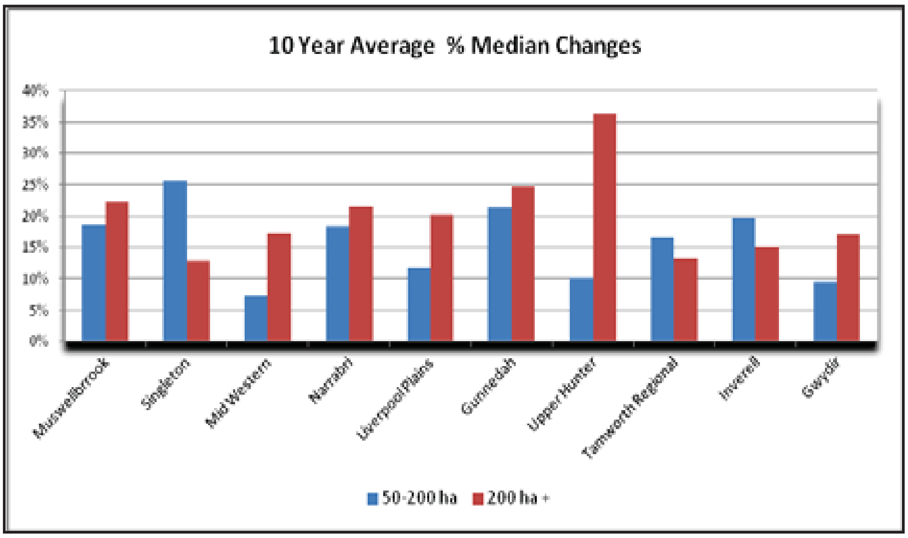
A comparison of the 10 year average of increases in median prices does not indicate any discernible differences or trends between the LGA's categories. Each LGA is subject to normal market volatilities over the period, however, all have a increasing trend line in terms of value increases. LGA's with a heavy mining influence do not appear to have suffered lower median value increases than LGA's without a mining presence.

Based on the aforementioned data, and summaries provided, it is difficult to ascertain any significant impact trends within the differing LGA's as a direct result of mining activity on overall medium purchase prices.

The above data and conclusions are designed to indicate the overall long term trend or movement in the rural property markets within the areas and not individual land values on a per hectare basis.

As highlighted in the above sections, there are numerous impacts which have affected small to broad acre rural holding within these LGA's over the past ten year period of the study, which result in varying levels of volatility within each LGA. Given the relatively low number of sales which ranged from 1 transaction per annum up to 67 transactions per annum, the statistical analysis can be easily distorted by a few strong or a few very weak sales in any given year.

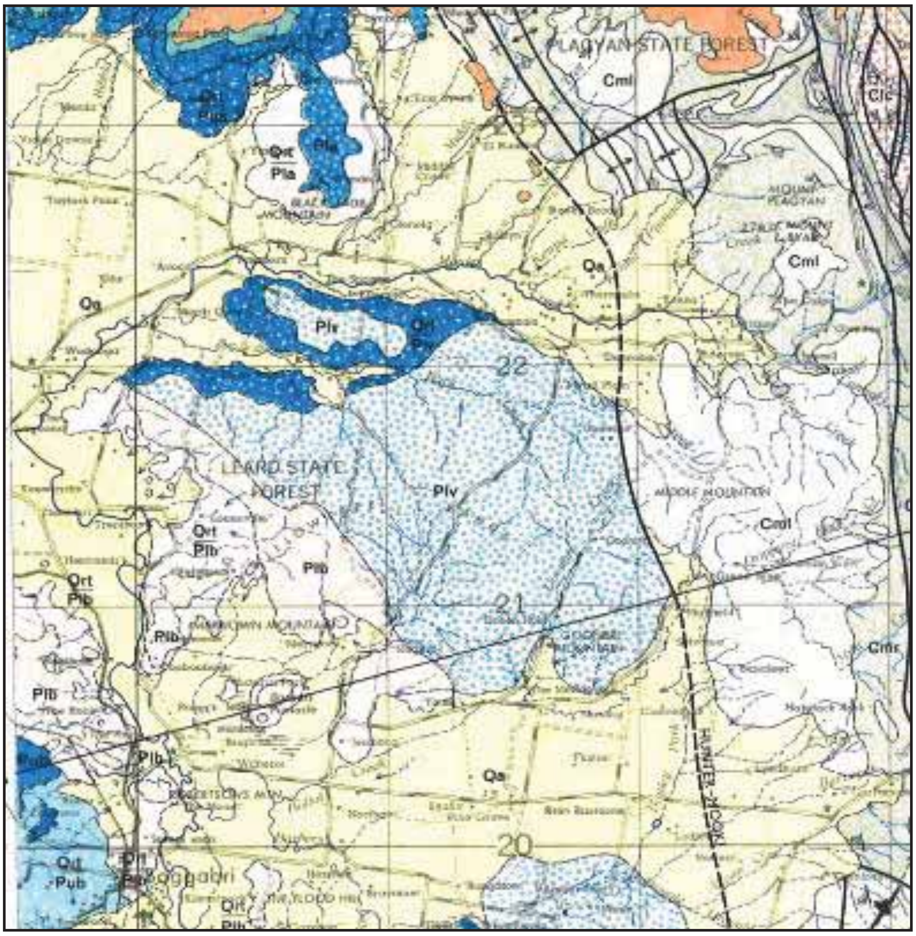
If overall averages are taken for LGA's in the different categories, established mining LGA's show an overall medium sale price increase of 18%, emerging LGA's 21% and the non-mining areas 15%. This rather broad analysis indicates the mining affected LGA's actually indicate a stronger 10 year trend than the non-mining impacted LGA. The above statistics however, do not take into consideration the impact on individual properties located within



3. MAULES CREEK LOCALITY

3.1 PHYSICAL

The privately owned rural land surrounding the Project area varies from good quality alluvial and basalt black and brown earths suitable to cropping through lighter red arable grazing and lighter grazing, to steep unproductive timbered ridgelines.



Soil varieties indicated in Manilla 1:250,000 Geological Map are as follows:

Qa	Stream alluvials deposits, including riverine deposits, sandy to silty, minor gravels.
Plb	Boggabri Volcanics.
Plv, Pla, Cml, Cmr	Conglomerate, shale and sandstone.
Tv	Basalt flows and plugs.

The industry comprises mainly dry land and irrigated cropping of cereals, oilseed and cotton to beef cattle grazing. Assuming all environmental standards are adhered to by mining projects we can only assume no impact on the agricultural productive capacity of these areas.

3.2 MARKET

Recent market activity, outside direct mine purchases, indicates approximately four private purchases of holdings in excess of 300ha in the near vicinity of project area and in some instances very close to holdings purchased by mines.

These include "Stoney Brook", "Yamba", "Blue Range" and "Onavale" all of which have sold between 2009-2011 for prices which appear within expected market ranges and no significant discounts.

The general rural market in the Maules Creek area mirrors that of much of Northern NSW which has been relatively static to soft in past 2 - 3 years for 2nd tier holdings to quite strong for select properties.

As with statistics from the LGA research the above sales indicate a general increasing trend in the medium to long term.

Adverse visual, sound, dust and other environmental affectation on lifestyle holdings will impact on quite enjoyment and hence value. Given however a large percentage of holdings in the area have the majority of value attributed to agricultural productivity the impact on these holdings is considered low.

The residential or lifestyle component of majority of holdings generally accounts for approximately 10-20% of overall value of a fully development rural living unit. Any percentage affectation on the residential component of holdings results in a minimal deduction in overall value. Land with no residential component, purely for grazing or cropping is in our opinion likely to show minimal impact.

4. CONCLUSIONS

- Study of medium term rural values in LGA's classified as Established Mining, Emerging Mining and Non Mining indicated a common trend of land value increases with normal location fluctuations, however with no noticeable impacts discernible from presence of mining activity. In this respect the market analysis is relatively inconclusive.

- Study of local market, aside from properties identifiable as having significant impact and subject to acquisition under the Mining Act, does not indicate significant loss in value as agricultural holdings as a direct result of proximity to proposed project and nearby mines.

- Maules Creek area is predominantly an agricultural based market aside from recent mining activities, as opposed to lifestyle markets in other areas. On this basis adverse impacts on the agricultural productivity and hence rural land values are considered to be far more minimal than those which could realistically be expected in stronger lifestyle markets.

<u>Reference</u>:	RP – Data
Maules Creek Project	*Visual Impact Statement* *Integral Landscape,* Architecture and Visual Planning. November, 2010
Maules Creek Project	*Economic Impact Assessment*, Gillespie Economics.
Maules Creek Project	*Soil and Land Capability Assessment*, GSS Environmental.
Maules Creek Project	*Social Impact Statement*, Hanson Bailey.
Submission	*Maules Creek Community Council Inc.*, October, 2011