

ALEX IRVING

SOLICITOR

AND

PUBLIC NOTARY

A.B.N. 66 538 340 540

5 December, 2012

The Manager

Xsura Mangoola

P O Box 495

MUSWELLBROOK NSW 2333

Dear Sir,

RE: RAY AND CHRISTINE PHELPS

PROPERTY: 281 POST OFFICE ROAD WYBONG

Thank you for the recent meeting at the Phelps residence.

We confirm, on the basis of dust impacts, that air conditioning as recommended by RMS should be installed to the premises as a matter of urgency.

We observe that the report of Renzo Tonin dated 4th July 2012 suggests a range of measures to ensure that the noise levels in the Phelps residence are tolerable. The request for air conditioning should is not a concession that not all the recommendations of the Renzo Tonin report need implementation.

Please confirm that this will be attended to without delay.

Yours faithfully,

ALEX IRVING

Solicitor

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18th December 2012

Mr Alex Irving
Solicitor PO Box 62
BEECHWOOD NSW 2446

Dear Mr Irving

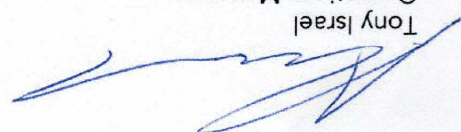
RE: RAY AND CHRISTINE PHELPS, POST OFFICE ROAD, WYBONG

I respond to your letter dated the 5th of December 2012, which I received on the 11th of December 2012.

In the letter you request the installation of air conditioning to your clients property on the basis of dust impacts. As discussed with your clients, air conditioning is not offered as a dust mitigation measures, purely as a noise mitigation measure. Please confirm in writing that your clients accept air conditioning as a noise mitigation measure and Mangoola will install the air conditioning.

Also shortly following the meeting your client requested that Mangoola make an offer to purchase the property of 281 Wybong PO road. Ben Clibborn and I briefly spoke about the process whereby a property valuation needs to completed, and then an offer can be made. Nigel Charnock the Xstrata Coal NSW Land and Property Manager manages this process, and I would like to seek approval from your client for him to make contact to begin the process.

Yours sincerely


Tony Israel
Operations Manager

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1. For the avoidance of doubt, our client requests air conditioning. Such request should not be interpreted as our client waiving their claim for the suite of works suggested by Renzo Tonin in their report dated the 4th July 2012. Moreover, we observe the proposals set out in the Modification 6 point to an acceleration and intensification of mining activity. Clearly, more trucks mean more noise, and the movement of the mine wall in the ordinary course expose the residence to more noise. Our client reserve their rights to seek not just the items recommended in the Tonin report, but such other measures as may become necessary to mitigate the impact of noise on the residence and curtilage.

If the Mine proposes to supply air conditioning at this time as a noise mitigation measure then please proceed.

AIR CONDITIONING

1. For the avoidance of any doubt our client has not activated any procedure under the terms of the Project Approval relating to acquisition, such as section 10 of Part 4. Our client's understanding of the matter is that the Mine is seeking a valuation with a view to the Mine making an offer to purchase. Please confirm that is your understanding.

2. As regards the valuation, Mr Charnock can contact this office to make arrangements.

VALUATION

Thank you for your letter of the 18th December 2012.

RE: RAY AND CHRISTINE PHELPS

Dear Sir,

The Manager
Xstrata Mangoola
PO Box 495
MUSWELLBROOK NSW 2333

20 December, 2012

ALEX IRVING
AND
SOLICITOR
PUBLIC NOTARY
A.B.N. 66 538 340 540

Yours faithfully,
ALEX IRVING
Solicitor

A handwritten signature in blue ink, appearing to read 'Alex Irving', written over the printed name.